Gustav A. Wulfman, Farwell.
James S. Carter, Grand Saline.
Ira S. Koon, Hallsville.
John V. Lackey, Hico.
Allen M. Huddleston, Hubbard.
John A. McFarland, Ladonia.
Lilburn C. Graham, Lancaster.
John T. Hopkins, Longview.
Walter E. Hall, Lufkin.
William M. Owens, Memphis.
Theodore Reichert, Nordheim.
Everett A. Vordenbaum, Randolph Field.
Silas J. White, Rising Star.
Henry E. Cannon, Shelbyville.
Charles E. Binnings, Strawn.
Willie M. Prouty, Wallis.
Fannie Dawson, Wilson.

VERMONT

Isabel Neary, Shelburne.
Robert A. Slater, South Royalton.
James S. Brownell, Woodstock.

VIRGINIA

C. Buford Bralley, Austinville.
Grace S. White, Ballston.
Noah Markey, Beaverdam.
Ella E. Ames, Belle Haven.
Roy E. Potts, Berryville.
William B. Clark, Bird Haven.
Charles R. Whitmore, Broadway.
John R. Yates, Brookneal.
Francis C. Fitzhugh, Cape Charles.
Henry P. Holbrook, Castlewood.
William H. Haney, Claremont.
James K. Carter, Clinchport.
James M. Nunn, East Radford.
Louise A. Merrihue, Emory.
Gilmer T. Slusser, Fincastle.
James O. Humphreys, Goshen.
Charles A. Hammer, Harrisonburg.
William R. Rogers, Hilton Village.
John W. Gibbs, Howardsville.
Caroline E. Bristow, Ivor.
Frank D. Paul, Leesburg.
Lena Campbell, Madison Heights.
Rodney F. Woodward, Marshall.
Charles P. Smith, jr., Martinsville.
William E. Shaver, Maurertown.
Charles M. Saunders, Milford.
Oswell H. Hopkins, Narrows.
James B. Porterfield, Newport.
Ruth O. Griffin, Newsoms.
Robert E. Fugate, Nickelsville.
Roger G. Dyson, North Emporia.
Bryant B. Lipscomb, Portsmouth.
Robert M. Bradshaw, Rice.
Mary E. Spratt, Richlands.
Walter E. Richmond, Rural Retreat.
Claude T. DeBusk, Saltville.
Bessie H. Moon, Saxe.
Joseph B. Jones, Smithfield.
Gilbert F. Stiles, Wachapreague.
Emmett W. Brittle, Wakefield.
John B. Grayson, Warrenton.
William M. Chamberlain, Waverly.

WASHINGTON

Mabel G. Lamm, Burlington.
Nellie Tyner, Dishman.
Paul B. Davis, Longmire.
Francis H. Lester, Tieton.

WYOMING

Albert J. Schils, Cokeville.
Fred W. Smith, Glenrock.
L. Roy Ness, Powell.
John A. Stafford, Rock Springs.

HOUSE OF REPRESENTATIVES

Thursday, March 10, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, the giver of all mercies, look upon us with divine favor and deal graciously with us. As we draw near to Thee for this moment, may this place be a sanctuary for the soul. We thank Thee for Thy goodness which accompanies us day by day; upon us Thou dost pour out Thy blessings from Thy undiminished abundance. O infinite God, Thou who dost care for the suns and stars, we praise Thee that Thou dost have time and thought for Thy children. May we never starve out of our hearts the heavenly grace of gratitude. O spare us from the curse of ingratitude which is the most prevailing sin of the world. Whatever we do this day as selected lawmakers of the land, may we do it in the spirit of consecration to the needs and welfare of all the people. Whatever our lot, lead us on, and may we find that Thy yoke is easy and the burden light. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5315. An act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes.

ORDER OF BUSINESS

Mr. RAINEY. Mr. Speaker, on yesterday we gave a privileged status to the irrigation district moratorium bill. If we get into the tax bill, there will be no opportunity for a long time for the consideration of the moratorium bill. It is an emergency matter. I have consulted with the minority leader and the Speaker, and I desire to present a unanimous-consent request, and that is that when the House adjourns to-day it adjourn until 11 o'clock to-morrow, and that from 11 o'clock until 12 o'clock the time be given to this moratorium bill.

The SPEAKER. Is there objection?

Mr. SNELL. I reserve the right to object, to ask the gentleman a question. Is it expected that if the bill is not passed by 12 o'clock to-morrow it will be dropped?

Mr. RAINEY. Yes.

Mr. MICHENER. Reserving the right to object, I want to make a parliamentary inquiry. The Rules Committee reported out a rule making the irrigation bill in order. The rule provided time for general debate and had the usual provisions. A unanimous request was agreed to on yesterday, giving the bill a privileged status. Now, if the bill is given a privileged status, as I understand it, it means that it comes up for consideration under the general rules of the House at such time as the Speaker or the House may determine, having in mind at all times that the bill has the same privilege as any other privileged bill.

The SPEAKER. The bill is on the Union Calendar. If the House resolves itself into Committee of the Whole House on the state of the Union and debates it for a time, and desires to rise, and the House desires to continue general debate, it would be just like any other bill. The only thought the gentleman from Illinois and the gentleman from New York and the Chair had this morning is that they would like to give the bill early consideration, in view of the fact that it could not be considered yesterday afternoon. Is there objection?

There was no objection.

ECONOMY COMMITTEE

Mr. POU. Mr. Speaker, I present a privileged resolution from the Committee on Rules for printing under the rule.

The resolution is as follows:

House Resolution 169

Resolved, That the Economy Committee, appointed pursuant to House Resolution No. 151, Seventy-second Congress, is hereby authorized to report to the House at any time during the present session of Congress, by bill or otherwise, its recommendations upon any matter covered by such resolution; and any bills so reported shall be placed upon the calendar and have a privileged status.

APPROPRIATIONS

Mr. AYRES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an editorial from the Wichita Daily Eagle, entitled "An Obsession."

The SPEAKER. Is there objection?

There was no objection.

Mr. AYRES. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following editorial from the Wichita Eagle:

Congress, which is petitioned to do this and that oftener than any other American group, is currently puzzled by the disposition of folks, officials and private citizens, to ask Congress to soak the proposed 1-cent Federal tax on gasoline but to pass a $125,000,000 appropriation for additional Federal aid to State highways.

With the Treasury already far behind appropriations made up to date, naturally an additional $125,000,000 can not be appropriated without providing the revenue. Yet petitioners are boosting the outgo and swatting the proposed means of income.

This is a hangover from the belief, developing these last 20 years, that the resources of the Federal Treasury are inexhaustible. Congress has responded to call after call for drafts upon the Treasury and the Treasury has been standing the gaff. But it is doing so no longer.

If Congress appropriates $125,000,000 for additional Federal aid at this time, it is elementary mathematics that Congress must also foist upon the country not only a gasoline tax but other taxes fully as disagreeable. The petitioners are having a hard time grinding the "free-aid" obsession out of their systems. But it will have to be ground out.

In connection with this editorial I wish to say, Mr. Speaker, a few days ago the House considered and passed a bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction to the extent of $120,000,000, and the further sum of $12,500,000 for building roads and trails in national parks, national forests, and in Indian reservations. The bill contemplates adding $132,500,000 to the national debt, and although my own State, if this bill should become law, would be entitled to receive $3,173,493 of Federal funds without the necessity of matching such sum with State funds, and possibly without an obligation to repay such amount, with the condition confronting our Federal Treasury I could not bring myself to vote for such a proposition when our whole time since Congress convened in December has been devoted to finding ways and means to balance the Federal Budget, and that can not be accomplished by increasing expenditures.

At the end of last June the Treasury deficit was $903,000,000. For the fiscal year ending next June 30, we are told the deficit will be $2,123,000,000. It is the paramount duty of the National Legislature to bring this intolerable situation to an end, and there is but one alternative, and that is to reduce Federal expenditures and raise taxes.

The Committee on Appropriations, of which it is my privilege to be a member and a subcommittee chairman, has been holding hearings for weeks on the annual appropriation measures, scanning each and every item to find out if a lesser sum could be made to suffice. To date five of the regular supply bills and one deficiency appropriation bill have been reported to the House. In their present stage they carry $115,068,382 less than proposed in the requests presented by the President. As chairman of the naval subcommittee, for weeks I have been going over the naval estimates to find ways in which they may be pruned. All for what? To make that much less the additional sum that must be raised through the imposition of additional taxes in order that the Federal Budget may be balanced.

The Government does not have $132,500,000 to parcel out to the States. As I have already indicated, it must borrow over $2,000,000,000 to finance its running expenses for the present fiscal year ending next June 30.

The Committee on Ways and Means of the House has been sitting for weeks trying to evolve a tax bill to raise the sum over and above the amount by which the Appropriations Committee will be able to curtail appropriations that will be required, in addition to present revenue, to meet the running expenses of the Government.

All we have been striving to accomplish will go for naught if now we embark upon a program of appropriating sums that have not been considered in our financial planning. Such a course can only mean increasing the levies we will shortly be called upon to impose on every person in the land. Each State, or rather the citizens of each State, will have to be further assessed for the cost of any of these measures, so appealing on their face, which are outside of the regular financial program which we have been endeavoring to finance.

In less than two years the Federal Government has appropriated $464,000,000 (exclusive of the $132,500,000 proposed in the bill recently passed) for the express purpose of lending aid to the States in development of highways under the Federal-aid program.

I submit that in trying times like these, when local, State, and national taxation have reached limits that represent the limit of the capacity of the taxpayer to pay, and when the Appropriations Committee and the Congress are bending every effort to balance the Budget by paring expenditures to the bone, and effecting savings at every possible point, it is an ill-advised time to embark upon such an ambitious program as this, particularly when it is established that the benefits flowing to actual labor are entirely out of proportion to the means and methods employed.

Kansas, no doubt, could profitably use $3,173,493 at this time. She is no different in this regard than any other State in the Union; and, obviously, the easiest course for me to have pursued would have been to vote for the bill. Kansas, however, I am sure, wants to see the Federal Government restored to a healthy financial state. There is no surer way to restore prosperity in Kansas or the rest of the Nation, and that will mean more to Kansas as a whole, than to balance the Federal Budget and cease passing legislation calling for appropriations of hundreds of millions of dollars, which will increase the burden upon the taxpayers of the State as well as the entire Nation.

EXTENSION OF REMARKS

Mr. ALMON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include therein a communication which I have received from Claude McMillan, a brother of Representative MCMILLAN.

The SPEAKER. Is there objection?

Mr. UNDERHILL. I object.

REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes; and pending that, I ask unanimous consent that general debate be had on the bill to-day, to-morrow, and Saturday; that the time be divided equally between the gentleman from Oregon [Mr. HAWLEY] and myself. Of course, Mr. Speaker, we are both for the bill. The Committee on Ways and Means desires the fullest discussion and consideration of the measure. If, when the House adjourns on Saturday, there is still desire for further general debate, it is my purpose to ask the House to continue that general debate, because I want everybody to have an opportunity in that respect. While the gentleman from Oregon and myself are both for the bill, I shall couple with my request, if granted, that Mr. HAWLEY divide his time among his colleagues on that side of the Chamber equally between those opposed to the bill and those in favor of it. If the request is granted, I myself will yield half of my time to be controlled by the gentleman from North Carolina [Mr. DOUGHTON], who is opposed to the bill in its present form.

Mr. DYER. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. DYER. Is the gentleman's request such that debate must be on the bill itself?

Mr. CRISP. I thank the gentleman, because I intended to couple that with my request. My request, Mr. Speaker, also will include that the general debate be confined to the bill.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, will the gentleman permit me to propound a parliamentary inquiry to the Chair?

Mr. CRISP. Certainly.

Mr. O'CONNOR. Under the unanimous-consent request of the gentleman from Georgia, he states that if general debate is not concluded on Saturday, it would be continued on Monday. If that were so, would this unanimous-consent request take precedence over privileged matters; for instance, the matter of a motion to discharge committees?

Mr. CRISP. I suggest this to the Speaker: The rule provides particularly that after the approval of the Journal it shall be in order to call up such a motion.

The SPEAKER. There is no discretion in the hands of the House and the Chair so far as that rule is concerned. It is made for the purpose of forcing the consideration of a measure when the motion to discharge the committee has 145 signatures.

Mr. CRISP. As the author of the rule, I state to the Chair that that was the purpose and intention.

The SPEAKER. The gentleman from Georgia moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10236, to provide revenue, equalize taxation, and for other purposes. Pending that he makes the request that the time for general debate be equally divided between himself and the gentleman from Oregon [Mr. HAWLEY], with the right in either gentleman to yield a portion of that time to opponents of the bill, such time to be in turn yielded by them, and that the debate be confined to the bill. Is there objection?

Mr. WOODRUM. Mr. Speaker, I reserve the right to object for the purpose of making a parliamentary inquiry. On Saturday last we began debate upon the independent offices appropriation bill. Is it understood that further consideration of that bill will follow the tax bill?

The SPEAKER. The Chair hopes so, although he would not want to foreclose the House on that proposition.

Mr. WOODRUM. A great many inquiries have been received from Members who are interested in the matter.

The SPEAKER. The Chair does not think the House ought to foreclose itself on a matter of that kind, but naturally an appropriation bill would have the earliest consideration possible. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Georgia that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the revenue bill of 1932, H. R. 10236.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10236, the revenue bill of 1932, with Mr. BANKHEAD in the chair.

The Clerk reported the title of the bill.

Mr. CRISP. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. Will the gentleman from Georgia and the committee indulge the Chair for a moment until he can make a suggestion? This is probably the most important and will develop into the most highly controversial piece of legislation that will come before the House at this session of Congress. There will evidently be a large membership of the committee present, and in justice to the gentlemen who are occupying the floor, in justice to the House reporters, and those who desire to hear the arguments, the Chair earnestly appeals to all members of the committee to preserve as far as possible the highest state of order, so that there will be just consideration of the bill. [Applause.]

Mr. CANFIELD. Mr. Chairman, as the Chair states, this is probably the most important legislation that will be taken up during this session of the Congress. The gentleman from Georgia, acting chairman of the committee, is about to explain the bill. I feel it is imperative that the membership be here. Therefore I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Indiana makes the point of order that there is no quorum present. The Chair will count. (After counting.) One hundred and eighty-seven Members present, a quorum.

Mr. CRISP. Mr. Chairman, in common with all citizens of the United States I regret the necessity for this burdensome tax bill, the most burdensome tax bill that has ever been brought before the House in peace time, but there is no way to escape it. Some of my colleagues have asked, Why should a Democratic House just before an election bring in a bill of this kind? My answer is, in compliance with the Constitution of the United States. The Constitution of the United States says that it shall be the duty of Congress to levy taxes to pay the bills of the United States, and that sacred instrument further says that all bills raising revenue shall originate in the House of Representatives. In the consideration of this bill in the committee there was not the slightest partisanship. Never has a committee worked harder or more faithfully than the Committee on Ways and Means in the preparation of this bill. During the consideration of the bill in the committee one could not have told whether a member of that committee was a Republican or a Democrat. They were Americans; they were representing their country; they rose to their responsibility; and this bill is the joint product of all the members of that committee. It is neither a Democratic nor a Republican bill; it is a Government bill, it is an American bill, it is your bill as well as the bill of the Committee on Ways and Means. [Applause.]

The Committee on Ways and Means has measured up to its responsibility. They present to you a bill which, if enacted, will balance the Budget. I have no doubt that the House, likewise, will measure up to its responsibility.

It is conceded that there is a deficit for 1933 of $1,241,-000,000. In this House there are two schools of thought. Some of my colleagues believe we should not attempt to balance the Budget but should continue to sell bonds or issue greenbacks. Mr. Chairman, I am tolerant of anybody who differs with me. That is their right. I may be wrong. They may be right. Surely and certainly I have no criticism of or quarrel with anyone who differs with me. Oh, how happy I would be, what a great thing it would be for our country if all legislators, both in this body and in the legislatures of the different States and at the other end of the Capitol, would all vote their honest, intellectual convictions as to what was best for the country, divorced from any political exigencies attaching to the subject matter. [Applause.]

I therefore have no criticism to make of any Member of this House who differs with me. However, I desire to give you my views as to why that is an erroneous policy and why the Budget should be balanced.

At the end of the fiscal year 1931 the United States had spent $903,000,000 more than its receipts, and that amount was added to the national debt. At the end of the fiscal year 1932 there will be over $2,400,000,000 more added to the national debt. Not only must the taxpayers be taxed to pay the principal of these colossal sums but they must pay taxes over a period of many years to pay the interest on it; and the interest, even at 4 per cent, on $1,000,000,000 is $40,000,000 a year, which the taxpayers must carry to pay the interest on these bonds during the time which they run.

Some of the United States bonds to-day are selling as low as 90 cents on the dollar. In my humble opinion, no individual, no corporation, no government can continue to run and maintain its credit by from year to year spending more than its receipts. [Applause.]

The United States Government may get by one year or two years, but if Congress does not face this responsibility and balance the Budget for 1933, the financial world, the entire world will become frightened as to the stability of the United States credit. Bonds will further depreciate, and when United States bonds depreciate, all industrial stocks and bonds and lands and everything else depreciates, and the Government, of necessity, will be required to pay higher rates of interest, thereby entailing additional burdens upon the taxpayers.

Some of my friends advocate the issuing of greenbacks. The United States Government during the sixties issued $449,000,000 of greenbacks, supported by 40 per cent gold reserve, and in 1864 they sold as low as 43 cents on the dollar. In 1865 they sold as low as 46 cents on the dollar. I will include in my remarks a statement showing how those greenbacks fluctuated during those years.

(The statement is as follows:)

The depreciation of the currency, measured in gold, is seen in the following table, which gives by months, 1862–1865, the average gold price of $100 in currency in the New York market:

Depreciation of the greenback

Month	1862	1863	1864	1865
January	$98	$69	$64	$46
February	97	62	63	49
March	98	65	61	57
April	98	66	58	67
May	97	67	57	74
June	94	69	47	71
July	87	77	39	70
August	87	79	39	70
September	84	74	45	69
October	78	68	48	69
November	76	68	43	68
December	76	66	44	68

Mr. CRISP. Gentlemen, the only good money the United States can have is that collected from the people in the form of taxes. The United States Government can not run a printing press and print money and make it good. It will fluctuate in value, be uncertain, and will affect every industry in the United States. Germany, France, and Italy tried that experiment a few years ago, with great economic havoc. A few years ago for 25 cents of our money one could buy a million dollars' worth of German marks. We can not follow that policy and maintain the financial stability and credit of the United States. If that is possible, why not run the printing presses and pay off all of the bonded indebtedness of the United States and stop paying interest on it? I repeat, in my honest judgment, the only good money a government can get is from taxes.

I have no quarrel with my colleagues who differ with me on this subject. In my opinion the Budget must be balanced, and unless it is balanced the Reconstruction Finance Corporation and every other temporary relief measure enacted by this Congress will prove futile and useless. The corner stone on which economic recovery depends, the corner stone on which employment will be found for many of the millions of splendid citizens now unemployed, is a balanced Budget. To-day the banks, the great financial institutions, insurance companies, and the investing public are afraid to invest in anything but Government bonds. Large institutions have called loans, sacrificed on the market industrial bonds and stocks, trying to become liquid; and I am not going to ascribe to them unpatriotic motives. They know that the Government is spending billions of dollars more than its revenue. They know the Government will have to offer bonds for sale, and it would be calamitous if the United States Government offered bonds and could not find a buyer for them. Therefore, from patriotic motives, the banks are refusing to make loans to private industry.

They are calling in their loans in order to put themselves in shape to purchase the securities which the Government is offering in order to finance the Government. But if you take the other horn of the dilemma and attribute to them selfish and sordid reasons, and say they may be pursuing this policy because, forsooth, with this depreciated price of Government bonds, the best security in the world, they will have a better opportunity later to make a large profit, then some criticism might be made of them for pursuing such a policy. But whatever the reasons, they are now pursuing this policy. When it is known that the Budget is balanced, that the Government will not again have to sell bonds, those banking institutions, those insurance companies, and those long-loan companies and others will not want their money to remain idle in vaults, and they will loan it to manufacturing plants, to individuals, and to industries. It will enable them to again function. It will enable them to give employment.

I am profoundly convinced that this is absolutely true; and, that being so, I have determined to the best of my poor ability to have enacted into law a tax bill that will balance the Budget. This bill will accomplish it.

Now I come to a description of the bill. Before that, may I be permitted to express the grateful thanks of the Committee on Ways and Means and myself to Mr. Beaman, of our drafting board; to Mr. Parker, of the Joint Committee on Internal Revenue Taxation; to Mr. Turney, to Mr. Bartholow, of the Treasury Department; to Mr. Collins, of the Federal Trade Commission; to Mr. Gregg and Mr. Alvord, patriotic practicing attorneys in Washington, for the invaluable assistance and service they rendered the committee in connection with this tax bill. [Applause.] I want to add Doctor Jaeger and other employees from the Department of Commerce.

Now, gentlemen, there is a very common idea that the colossal sum needed to balance the Budget and finance the Government should be raised from the wealthy of the Nation. I say to you that if ever there was a tax bill brought before this House that taxed the wealthy to the limit, taxed them to a burdensome extent—and I presume they will say this taxation is confiscatory—it is this bill. And with all that I will show later what a small per cent of the money needed to balance the Budget can be derived from those sources.

The bill before you increases the normal rate on income taxes, the lower brackets, from 1½ per cent to 2; the next bracket from 3 to 4; the next bracket from 5 to 6, and practically doubles the surtax rates. The bill applies the maximum surtax rates on the excess of net income over $100,000, and when you add the normal rate to the maximum surtax rate of 40 per cent it amounts to a tax on incomes over $100,000 of 46 per cent. Is not that a high tax on income?

The bill before you lowers the exemption of those required to make income-tax returns. It reduces the exemption of a married man from $3,500 to $2,500 and reduces the exemption of a single man from $1,500 to $1,000. Your committee felt in this dire emergency it was not right or fair not to lower those brackets, because those individuals having those incomes do not pay much, if any, tax.

That change will not produce very much money from the new classes brought in. With that running all through the bill, making the exemption apply when it gets up into the very high surtax rates, it is estimated that that change will bring in approximately $39,000,000 or more. That provision will require about 2,900,000 more citizens to make income-tax returns. Only 1,700,000 of them, however, will be taxed, and the taxes that they will pay will be negligible.

Let me give you an example of some of the taxes the wealthy will pay under this income-tax provision if they have a net income.

Gentlemen, an income tax is uncertain as a method of revenue for the Government, for it depends upon the condition of business. If business is good and people are making money, the income tax brings in lots of money. And may I say I think it is the fairest and best tax of all taxes. I am heartily in favor of it, because it places the tax burden on those best able to pay, and that is where it should be placed. But when business is stagnated and when billions of dollars have been lost, those losses are deducted from your taxable returns, and you pay no income tax. To-day there are hundreds of millionaires who pay no income tax, because after their losses have been deducted from their gains they have no net profit.

But let me tell you how, if they have a net income, this tax bill will affect them. A man with an income of $10,000 net under the present law pays $129. I will leave off the cents. Under the bill you have before you he would pay $195. The man with a $20,000 income net under the present law pays $819, and under this bill he would pay $1,072. A man with an income of $50,000 pays $5,000 under existing law, and under this bill he would pay $6,772. A man with an income of $100,000 under the existing law pays $16,000, while under this bill he will pay $25,000. A man with an income of $200,000 under existing law pays $41,000, and under this bill he will pay $71,000. A man with an income of $500,000 under existing law pays $116,000, and under this bill he will pay $209,000. A man with an income of $1,000,000 under existing law pays $241,000, and under this bill he will pay $439,000. A man with an income of $5,000,000 under existing law pays $1,241,000, and under this bill he will pay $2,279,000.

But, gentlemen, notwithstanding those rates, notwithstanding the reduced exemptions, notwithstanding the new taxpayers brought in, the Treasury estimates that under these changes, terrifically high, during the fiscal year 1933 the Government will only receive $112,000,000 more than it will under existing law.

Now, I come to the corporation tax. The committee has recommended that the corporation tax be increased from 12 to 13 per cent. The committee made another change in that. Under existing law a corporation whose net income is less than $25,000 has an exemption of $3,000. The committee changed that and provided that a corporation with a net income of less than $10,000 might have $2,000 exemption, and that any corporation with an income of over $10,000 shall be given no exemption whatever.

May I revert to the income-tax provisions for a moment and point out another change? Under existing law a man was given an earned income of $30,000 with lower tax rates on it. We have cut that down to $12,000, because the committee felt that if a man was earning $12,000 a small reduction of rate on that $12,000 was sufficient, but if a man could earn $30.000 he ought to pay the full tax.

Now, this is the situation with the corporation tax. It may interest you to know that in 1930 of 456,600 corporations making returns 237,000 of them, or 52 per cent, showed deficits. They paid no taxes. They had no net income.

Incomes from corporations dropped from $1,193,000,000 in 1929 to $704,000,000 in 1930, a total decrease of $488,000,000, or 41 per cent; and the Treasury estimates that in 1931 only 37 per cent will be received from corporations, compared with 1929.

Under this change in the new bill it is estimated that for the fiscal year 1933 the Treasury will gain $21,000,000.

Now, some may say, Why not raise the corporation rate higher? Your committee was of the opinion that the 13 per cent was about as high as you could go and get productive returns from the corporation taxes. Your committee felt that if it placed a higher tax on corporations it might result in their curtailing operations, running shorter time, throwing more people out of employment; and your committee knew, further, that corporations are owned simply by individuals, generally the big ones by the rich individuals; and, if the corporation paid dividends, these stockholders in the surtax classes had to also pay tax to the Government on their income-tax returns.

I may add that, taking the income taxes, individual and corporate, with low rates, the Government has collected as much as $2,200,000,000 in a year. The estimate for 1933 from this source, under the present law, is only $657,000,000, a decrease of over two-thirds; and with these high rates added it is estimated that there will be received in 1933 only $790,000,000.

Your committee doubled the inheritance or estate tax. Think of it! We were trying to make those best able to pay pay; but you can not get blood out of a turnip. You can not get an income tax unless they make a net income, and you can not get a tax from an inheritance or as an estate tax until a man dies; and, after he dies, his heirs have 18 months before they have to make any payment on the estate tax; but we have fixed rates that ultimately on the estate tax will bring in a colossal sum of money to the people of the United States, but it will not do this for the year 1933, because heirs have 18 months under the law to wind up the estate before they have to pay. We have doubled the rate. We have made the maximum rate on estates 40 per cent. The maximum rate under existing law is 20 per cent, and the respective States of the Union can participate in this amount up to 80 per cent, provided they have estate taxes that would take in that amount.

Under this bill it is provided that all the money that comes in from this doubled or supertax shall be retained in the United States Treasury and the States are not to participate in it.

Estate tax

Net estate (before specific exemption)	Tax under existing law (before credit for State taxes)	Total tax under bill (before credit for State taxes)
$100,000	0	0
$200,000	$1,500	$3,000
$500,000	12,500	25,000
$1,000,000	41,500	83,000
$5,000,000	489,500	979,000
$10,000,000	1,334,500	2,669,000
$50,000,000	9,333,500	18,667,000
$100,000,000	19,333,500	38,667,000

The estate tax, without a mother tax to protect it, might be evaded, so your committee has provided a gift tax as a mother tax to this estate tax.

Under existing law a wealthy man can make gifts, and if they are not made in contemplation of death, no tax is paid on them. This has been a prolific source of disputes in the courts, as to whether the gifts were in contemplation of death, and under the law if the gift is made within two years prior to death, it is presumed to be in contemplation of death. This bill, if enacted into law, will remove these controversies, for this bill provides a gift tax on gifts whether made in contemplation of death or otherwise.

Now, the maximum amount of the tax on gifts is 30 per cent instead of 40 per cent, as in the case of the estate tax. The committee deliberately did this. Why? The committee wanted to hold an invitation to the holders of these enormous estates to dissipate them or to divide them before death, and the committee knew that if this was done the Government would begin to get taxes on these distributions and not have to wait until the owner died.

I am one of those who believe it is unfortunate that 8 or 10 per cent of the people of the United States own 90 per cent of its wealth. Gentlemen, this bill, if enacted into law, will play an important part on that public issue and, in my judgment, will go a great way toward redistributing some of these colossal estates through the Treasury of the United States. [Applause.]

But under the terms of this bill, with these colossal taxes, income tax, increase in corporation tax, estate tax, and gift tax, the Treasury estimates that it can only receive during the fiscal year 1933, $168,000,000. I repeat that these increases will produce only $168,000,000 more than existing law. We need $1,240,000,000 to balance the Budget. Where are we going to get it? Surely, no man can complain that the committee has not taxed wealth. Wealth will say this bill is confiscatory.

Is not wealth severely taxed under this bill? There can be but one answer—yes. I, for one, will be glad when the business conditions of the country become settled, so that these burdensome taxes can be lowered. But for 1933 how are we going to get the revenue needed?

Now, your committee figured that through the good offices of this House, through the splendid ability of the chairman of the Committee on Appropriations [Mr. BYRNS] [applause] and those who are working with him, there would be a reduction in the appropriations, and we allowed, for the purposes of making up this colossal sum, $125,000,000 for reduced expenditures in the supply bills for the Government for 1933.

The splendid chairman of the Committee on the Post Office and Post Roads [Mr. MEAD] advised me that that committee would bring in bills that would reduce the deficit of the Post Office Establishment $25,000,000. So we credited ourselves with that and allowed $150,000,000 for economy.

In the administrative changes of the income tax law, we believe that we will save to the Government in 1933 at least $100,000,000.

The committee has plugged up the gaps and holes in the administration measures, where the wealthy taxpayers drove a wagon through it and got money out of the Treasury. This bill plugs those holes, and we estimate, and the Treasury approves the estimate, that we can save $100,000,000 there. So we deduct $150,000,000 for economy and $100,000,000, making $250,000,000.

We deduct $250,000,000, and that leaves us $990,000,000 to be raised. We deduct $168,000,000, from increases in income taxes, individual and corporate, and the gift and estate tax, and that leaves $822,000,000 to be raised.

Where are we going to get that? I repeat, where are we going to raise it? The Treasury sent in a program providing for singling out a few industries and placing a high excise tax on them.

The Committee on Ways and Means for five or six weeks heard witnesses. One hundred and seventy-seven witnesses appeared before us. They protested paying any other tax, said their business was in a deplorable condition; but, when pinned down, most of them said that they felt the imperative necessity of balancing the Budget, and they would be willing to do their part, but they ought not to be singled out, that it was inequitable, it was unjust that it should be raised from them, and that a general tax on all should make all pay their part of the burden.

When the hearings were over, the Ways and Means Committee met in executive session to try to frame a bill, and I was happy in that committee, because there was no politics. It was Americans working for America, and there was not a single partisan vote in that committee, not one. [Applause.]

We considered the different items. We could not escape the merit of the contention of industry, that it was unjust to pick out some, because, forsooth, the tax would be easily collected from them. So after days and days, the committee decided to consider a broad tax, a manufacturers' tax, that would place the burden as lightly as possible, as equitably as possible, on all the business of the country.

We began to consider it; we had a subcommittee to consider it. May I add, that I repeatedly said to the full committee, that any member of it was cordially invited to be present at the hearings before the subcommittee. The Treasury, while not advocating a sales tax, insisted on their program of taking a few special cases, and I will name them to you presently.

They did render very valuable assistance in the study and preparation of this bill, and Secretary Mills and the other experts gave us the benefit of their counsel and advice at all times. I appreciated it and the committee appreciated it.

The Treasury Department brought down from Canada Mr. Jones. He is connected with the Government of the Dominion of Canada and has been in the department handling their manufacturers' excise tax ever since it was established. Recently, also, he returned from Australia, where he was loaned by the Canadian Government to the Australian Government and inaugurated a manufacturers' tax in Australia. Mr. Jones gave us very valuable assistance and explained to us the operation of the tax in Canada and Australia. He stated that the tax was the most satisfactory tax for the Government, that the Government could depend upon revenue, that it was satisfactory to the manufacturers, that the manufacturers did not complain and said it gave them very little trouble, and that so far as the consuming public was concerned there was no complaint from them and many of them did not know there was such a tax in existence. He stated that about half of the tax levied in Canada was absorbed by the manufacturers and was not passed on at all to the consuming public. It may be interesting to note that France, Germany, Austria, Czechoslovakia, Hungary, and about every government in Europe has a sales tax, with the exception of Great Britain. Some of them not only have manufacturers' excise taxes but additional taxes on luxuries. Your committee began to consider it, and the more we considered it the more we believed it was a solution of our problem. The further we considered it the more convinced we became that it was more equitable, more just, to levy this general broad tax rather than to single out a few industries and levy high taxes upon them. Finally the committee determined to recommend to you and to bring in here for your consideration a manufacturers' excise tax bill, and that is now before you.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. DICKINSON. Can the gentleman insert at this point the rate in Canada and the rate in Australia as compared to the rate here?

Mr. CRISP. Yes. The rate in Canada is 4 per cent, the rate in Australia 6 per cent, and the rate in this bill 2¼ per cent.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. DOUGHTON. And right in that connection will the gentleman not also place in the RECORD the exemptions carried in Canada and Australia?

Mr. CRISP. I hope my friend will not think me discourteous, but he can include them in his remarks. There are 10 pages of the Canadian law carrying exemptions, and I do not care to put them in my speech. I should be glad to have the gentleman put them in his remarks when he speaks.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. ARNOLD. The gentleman stated that the Treasury Department did not recommend this general manufacturers' tax. Will the gentleman put into the RECORD just what taxes the Treasury proposed to assess to meet this deficiency?

Mr. CRISP. I will. I stated a moment ago that I would do it, and later in my remarks it is my purpose to put them in.

Mr. FREAR. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. FREAR. In connection with the remark that was made with respect to exemptions, of course exemptions include agricultural products and foodstuffs. I have received a great many telegrams, as have other Members, in regard to canned goods, which, of course, constitute the foodstuffs that are purchased by the average consumer in cities. What is the reasoning that taxes canned goods and yet exempts raw foodstuffs, and is there any way in which that could be met?

Mr. CRISP. Will the gentleman permit me to answer that in a few moments? I am going to yield to everybody who asks me a question, but I apprehend if they will bear with me I shall answer most of the questions they have in mind.

SEVERAL MEMBERS. Finish your speech first before yielding.

Mr. CRISP. Oh, I am going to yield.

Mr. FREAR. The gentleman knows that I have the very highest regard for him. I have served with the gentleman for many years in the committee.

Mr. CRISP. The bill we have brought before you provides a general manufacturers' excise tax on most commodities, though there are exemptions in the bill. In these times, with people out of employment, the committee believes it is wise to exempt articles of food that the average citizen has to have to sustain life. Therefore, here are the exemptions named in the bill. I want my colleague to realize that there might be many other articles we would have liked to exempt, but there had to be some limit. We had to narrow as much as possible to avoid administrative difficulties. We had to narrow it to get a sufficient volume of business on which to levy a small tax in order to produce the amount of revenue needed. If you broaden and widen the exemptions, you destroy the money-producing effect of the bill. However, there were certain things that the committee felt should be exempted. In the bill the committee exempts farm or garden products produced in the United States; fertilizers and such grades of articles as are used chiefly for fertilizer, or chiefly as ingredients in the manufacture of fertilizers; garden or field seeds; bran and shorts and feeds for animals or fowls; meat, fish (including shell fish), and poultry, fresh, dried, frozen, chilled, salted, or in brine; bacon, hams, pig shoulders, and pig jowls, not cooked or packed in airtight containers; butter, oleomargarine, and other substitutes for butter; cheese, milk, and cream, in any form; eggs in the shell; bread.

I understand one very reputable chain of newspapers is saying that the rich man's barrel of flour is exempt from tax, while the poor man's loaf of bread is taxed. That is not so. All flour, all bread, whether in barrel or in the loaf, is exempt. To continue with the exemption, flour and meal made of grain, and semolina, sugar, tea, coffee, salt, any article with respect to which an internal-revenue tax is imposed under existing law; water not in closed containers; newspapers, magazines, and other periodicals; books, pamphlets, and music, in raised print, used exclusively for or by the blind; textbooks for use in private or public schools or other institutions of learning.

Bibles, comprising the books of the Old or New Testament, or both;

Rosaries, chaplets, medals, and similar articles of religious devotion; hymn books, prayer books, and manuals of religious devotion; books of religious reading, thought, or action; books of religious statistics.

The bill provides that any manufactured goods that are exported, do not pay the tax. The Constitution says, "No export tax shall be levied." This bill exempts from the provision all merchandise or other articles exported. The bill further exempts from paying taxes, any commodities bought by any of the States of the Union or political subdivisions thereof.

Now, I will answer my friend, the gentleman from Wisconsin [Mr. FREAR]. I, too, have had many telegrams and letters protesting the tax on canned goods. My answer is that those canned goods are manufactured products. They are not raw products. They are food products; but the committee felt that when we were taxing all other manufacturers—the clothing man, the furniture man, the machine man, and everybody else—if the people, rich and poor alike, were given exemption from the tax on these common articles of necessity, the articles that are used generally by the rich and poor alike every day, there could be no just complaint against not exempting processed meat, canned goods, Uneeda Biscuits, and these higher-priced crackers, and things like that, where they were making money and where articles were manufactured goods. If they were exempted, they would reduce the base so greatly that it might be necessary to have a 3 per cent tax instead of a 2 per cent tax. That is the reason. Whether a good one or a bad one, that is the reason.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. JOHNSON of Texas. That would not apply to canned goods for one's own use?

Mr. CRISP. No. The bill provides that any person who manufactures anything, whose gross yearly output is less than $20,000, does not have to pay this manufacturers' tax. Of course, not being a licensed manufacturer, they pay the tax on anything they buy themselves that they are using, but they would not have to pay the manufacturers' tax on the commodity they sold if their gross sales during the year were less than $20,000.

Mr. Chairman, we tried to prevent pyramiding of the tax. We did not want a man to pay a tax and then pass it on and pay a tax on that tax. We sought to prevent it. In order to prevent pyramiding we followed the Canadian law of having a system of licensed manufacturers.

The license fee for those manufacturers is $2 is they give a bond to guarantee to the Government payment of the taxes, or $100 without giving a bond. We figured that dealing with this class of men who were business men, they would pay the tax, and the Government figured that the $100 license fee would protect the Government, too, because under the bill these taxes are to be paid monthly, and if a man is not paying, then his license can be revoked. So we thought that was ample protection.

I am going to use an illustration which I have used with the press to show how that operates. I think it is as good an illustration as I can use. It is not intended to make every article produced by a manufacturer that may be that manufacturer's finished product, but will be the raw material of another manufacturer, pay the tax. We are seeking to collect the tax on the last manufacturer who finally completes the process, where there is to be no further manufacture. There may be one or two sales channels, the wholesaler, and the retailer, but no further manufacturing.

Let me illustrate. Here is a pencil. There is lead in the pencil; there is wood; there is metal; there is rubber. The lead may be one manufacturer's finished product. The wood another's, the metal another's, and the rubber another's, but under this licensing system, if the man who makes the lead is a licensed manufacturer, when he sells to the next company he does not pay the tax. That process goes all through the process of manufacturing until it reaches the one who completes the job. Then the tax is levied on him and is to be paid by him.

Permit me to call your attention to this: The tax is not levied on the retail price. The tax is levied on the manufacturer's wholesale price, which is much less than the retail price.

Mr. CANNON. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. CANNON. There is an exemption for schoolbooks. Is there an exemption for the paper and for the ink and for the glue, cloth, and for the other materials which enter into the manufacture of schoolbooks, under the provision to which the gentleman has just referred?

Mr. CRISP. No; there is not.

Mr. CANNON. In other words, then, you do tax schoolbooks, and you do tax Bibles?

Mr. CRISP. Well, we tax the paper and those things that go in, and we think that the paper manufacturers and those others, when they manufacture it, not knowing for what purpose it is to be used, are not unjustly dealt with if they pay this small tax.

Mr. CANNON. But the bill does tax schoolbooks and Bibles.

Mr. HARLAN. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. HARLAN. Does the manufacturer's price that is contemplated include salesmen's commissions? I ask that question for the reason that there is an association of manufacturers in this country who deal directly with the purchaser and not through brokers or wholesale agents. They feel that their commissions are larger than if the commodities are sold directly through the wholesalers. They are fearful that this tax will discriminate against them because if it is decided on the wholesale price they will be paying a higher tax than the manufacturer who deals through the wholesaler.

Mr. CRISP. The selling cost is not intended to be added. Now, we are considering things like that, and there will be other cases that will present themselves. Some committee amendments may be necessary.

There is a provision in the bill giving the Treasury Department authority to enter into agreements with people of that kind and others as to what is a fair manufacturer's wholesale price. That agreement can not be changed, but it shall run during all of the period so that the man manufacturing will know what his tax is. The tax is to be levied on the wholesale manufacturer's price, and if he is selling to these agents he and the Treasury Department will agree as to what is a fair manufacturer's price.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. LAGUARDIA. Following the question of the gentleman from Missouri [Mr. CANNON], take a textile, like wool, silk, or cotton, coming from the mill as a finished textile and sold to a garment or dress manufacturer. Does that pay this tax as a finished textile or may it be sold to a licensed dress or garment manufacturer?

Mr. CRISP. It can be sold to the man who is going to make the finished garment under the licensing system without paying the tax, and then when the manufacturer of the finished garment is ready to sell it he pays the tax.

Mr. LAGUARDIA. Would not that also apply to the paper that goes into a book?

Mr. CRISP. Here is the difference, to which Mr. Turney calls my attention, that in the gentleman's case the article is going into an article that is finally going to be taxed at its higher value—that is, when it is a finished product—while in the case of the gentleman from Missouri [Mr. CANNON] his paper is going into books, an exempt commodity, and is not going to pay any tax. In the gentleman's case the Government gets the tax when the article is completed, while in Mr. CANNON's case the completed article is not going to pay any tax.

Mr. LAGUARDIA. Then, all periodicals and newspapers would be exempt and the paper mill would pay the tax?

Mr. CRISP. Yes.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. JOHNSON of Texas. Do I understand that in all instances a manufacturer would pay the tax on an article as soon as it was manufactured or at the time the article is sold?

Mr. CRISP. It would be levied when a manufacturer sold the commodity. That is one of the advantages in licensing the wholesaler or jobber. He does not have to pay the tax when he has the goods on his shelf. It is only when he sells them that he has to pay the tax. So the licensing system is a great benefit to those people. It not only enables them to stop the pyramiding of taxes but it will accomplish the purpose of having the tax paid only when the article is sold.

Mr. ANDREW of Massachusetts. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. ANDREW of Massachusetts. Can the gentleman give us an estimate as to the number of manufacturers who would be licensed under this bill and the number of those manufacturers who would probably be subject to the tax?

Mr. CRISP. The Treasury estimates, with the $20,000 exemption, that there would be about 140,000 manufacturers.

Mr. ANDREW of Massachusetts. Licensed?

Mr. CRISP. Yes.

Mr. ANDREW of Massachusetts. And the same number would probably have to pay the tax?

Mr. CRISP. They would have to pay the tax; yes.

Mr. ANDREW of Massachusetts. The gentleman says the number would be about 140,000?

Mr. CRISP. One hundred and forty thousand; yes.

Mr. MICHENER. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. MICHENER. The gentleman is making a splendid connected statement. Every time there is an interruption it detracts from what the gentleman was saying. With the gentleman's permission I ask unanimous consent, even though the gentleman is willing to answer questions, that the gentleman be permitted to make a connected statement before inquiries are permitted. [Applause.]

Mr. CRISP. I thank my friend; but I am willing to do anything that will throw light on this bill.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the gentleman from Georgia may proceed without interruption. Is there objection?

Mr. RANKIN. Mr. Chairman, the gentleman from Georgia is in control of the floor and of that question. He has the right to yield or not, and I object.

Mr. CRISP. The gentleman from Georgia will say very frankly that personally he would prefer to make a connected statement, but he stated in the beginning that he would be willing to yield to anybody who wanted to ask any questions, and, of course, he is going to adhere to that statement.

Mr. PARSONS. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. PARSONS. I rise to make this suggestion: That the gentleman from Georgia be permitted to make his statement and then invite questions at the close of his statement.

The CHAIRMAN. The gentleman from Georgia has the floor and has the right to yield or not, as he sees fit.

Mr. SWEENEY. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. SWEENEY. I would like to ask the chairman why the committee, on page 228, recommends a tax of 4 cents a gallon on lubricating oils, and, in the next section, recommends a tax of 35 cents a gallon on brewer's wort, liquid malt, malt sirup, and so forth?

Mr. CRISP. I will answer that when I reach it.

The CHAIRMAN. The gentleman from Georgia has consumed one hour.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia may proceed for an additional hour.

The CHAIRMAN. Without objection, the gentleman from Georgia is granted the privilege of proceeding for one additional hour.

There was no objection.

Mr. CRISP. Now, gentleman, going back to the manufacturers' tax, my mail has contained protests from manufacturers against the levying of this tax because they said they could not pass it on and they would have to absorb it.

I have likewise had protests from some people saying it would be passed on and the consuming public would have to bear it. I think there is merit in both propositions. I think wherever this tax can be passed on, it will be, and I think in many cases it can not be passed on because of the competitive conditions and will be absorbed by the manufacturer. I would guess that this would probably be a 50-50 proposition; but, gentlemen, take a man with a salary of $1,500, and the average salary of the average person in the United States to-day does not amount to that, probably one-half of his expenditures would be for articles of food, and they are exempt. He would pay no tax on half of his expenditures for articles of food. Of the other half expended by him, $750, about 70 per cent, the wholesale price of his purchases, would be taxable at 2¼ per cent, amounting to less than $12. If half of that is absorbed, he will be paying under this bill about $6 a year; and in this financial emergency, when his welfare, as well as the welfare of everybody, is involved, I do not believe this will be a burdensome tax.

Let me tell you, gentlemen, this manufacturers' excise tax will make the rich pay more than the poor and it will add to the burdens of the rich. I hold no brief for the rich, for I have nothing in the world but my salary, and if I did not have that I would not have to make an income-tax return. But this will add more. Why? For the sake of this argument, say every dollar of it is passed on, a family that spends $1,000 a year would pay, under this bill, about $20, figuring it at 2 per cent; the man that spent $10,000 a year for living would pay $200; the man that spent $50,000 a year would pay fifty times as much as the thousand dollar man; the man that spends $100,000 a year would pay one hundred times as much as the thousand dollar man; and, gentlemen, when you get up into luxuries which the rich man buys the competition in the business is not so great, and these taxes will be passed on and the rich man will pay them.

Do you know that to-day there are many rich men who are not engaged in industry, who are not giving employment to any of our idle citizens, men who toil not, who spin not, who sit back and clip their coupons from tax-exempt bonds and securities and pay not one cent to the Government? They pay no income tax, they pay nothing, they live in idleness. Under the manufacturers' excise tax bill they will pay a tax on practically everything they buy, and they will be made to pay the tax where to-day they are escaping taxation.

Mr. BLACK. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. BLACK. The gentleman has made the interesting statement that in businesses where there is competition the tax will be absorbed by the manufacturer, but in businesses where the competition is slight it will be passed on to the consumer; does not this mean, in the case of highly organized business, in the case of the business field where mergers control, that the merger corporations or the merged business will be able to pass the tax on to the consumer, and other business will have to absorb the tax?

Mr. CRISP. The only answer I can make to my friend from New York is that business is cold-blooded, business is selfish, and business is going to pass on this tax wherever it can, and where it can not, it will absorb it.

Mr. LOZIER. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. LOZIER. In view of your statement that business is selfish, the gentleman will please explain this situation: This is the first revenue bill in the 10 years during which I have been a member of this House, that big business, industrial, commercial, and financial, has not burdened the mails and our desks with tons of propaganda against the proposed bill. Can the gentleman tell me why big business and the financial, commercial, and industrial classes are not fighting this bill if it is unjust to them; why have not the income-paying classes protested against it if it is unjust or unsatisfactory to them instead of——

Mr. CRISP. I yielded to the gentleman for a question. I hope the gentleman will not make a speech.

Mr. LOZIER. Instead of sending out, as in times past, tons of propaganda against it. Why have we been spared that pressure?

Mr. CRISP. Let me answer the gentleman. I think they made a mistake by not communicating with the gentleman. They have certainly communicated with me in protest.

Mr. LOZIER. And the gentleman did not confer or communicate with me or with his associates in the House, in reference to including a sales tax in this bill.

Mr. CRISP. Now, gentlemen, let me give another illustration as to why I think some of this tax will be absorbed.

Take a suit of clothes that the average man buys that costs at retail $25. The wholesale price of that suit of clothes will not be over $15, the tax on which will be 33 cents. There is a $10 spread from that wholesale price of $15 to the retail price of $25. I believe the 33 cents tax will be absorbed in the $10 spread, and the ultimate consumer will not pay it.

Mr. RANKIN. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. RANKIN. In the case of the sales tax imposed during the war, my recollection is they not only collected that from the ultimate consumer, but added to it and doubled it two or three times.

Mr. CRISP. That was a retail sale tax and this is a manufacturers' excise tax, and this bill provides for a licensing system to prevent pyramiding, which that law did not.

Mr. RANKIN. But when it is passed on to the ultimate consumer, he will pay two or three times as much as the tax.

Mr. CRISP. That is the gentleman's view and he is entitled to think that.

Now, gentlemen, many of my colleagues are opposed to this manufacturers' tax provision. I have no fault to find with them—none whatever.

Under the provisions of the bill, the manufacturers' tax, which is recommended as an emergency expedient, expires by operation of law on June 30, 1934. Through an oversight, the bill does not include a similar provision requiring the special excise taxes to expire likewise by operation of law on June 30, 1934. The committee will offer an amendment to correct this oversight. It is the purpose of the bill that both the manufacturers' tax and all special excise taxes levied under it shall cease to be operative on June 30, 1934, when we hope the emergency will be over, and that the income tax, individual and corporate, the gift tax, and the estate tax will have provided the Government with ample revenue.

But if you eliminate this title, you will lose in revenue provided by this bill $675,000,000—$595,000,000 from the two and one-fourth manufacturers excise tax, $80,000,000 from the taxes in that title imposed on imported oil and gasoline, crude and refined. If this title goes out, they go out, and you will lose $80,000,000 from the tax on malt sirups, wort, and lubricating oil.

Now, I will answer the question that was propounded to me. There are in this bill matters that I did not favor going in, and that is true of other members of the committee. The bill is a joint product of the committee. The tax was placed on lubricating oil because it is not taxed anywhere. None of the States tax it. It was further stated that no matter how the price of gasoline had fluctuated at filling stations, the price of lubricating oil had been about the same for 10 or 15 years.

We had to have revenue, and it was not taxed anywhere, and we did not think the tax levied on it, 4 cents a gallon, was oppressive, and it was estimated that it would raise $25,000,000. Furthermore, under this licensing process, manufacturers buy the oil and use it as a part of their cost of manufacturing, and they would not pay the tax on it.

Now, when it comes to wort many members of the committee never heard of it until two or three days before the bill was brought out. It was represented that the State of Michigan taxed it; that it was a perfectly lawful product; that the product per se did not violate any law, though it was freely stated to the committee that when you mixed yeast with it and put water to it it made beer. But when it is taxed as wort it is lawful, and no law on the statute book has to be amended to make it legal to tax it. That same argument was made with reference to concentrates and malt sirup.

I voted against including any of these matters in the bill, but they are here, and it is estimated that they will produce $50,000,000 revenue.

Now, if you gentlemen do not want the manufacturers' tax, here is an alternative plan. This is the plan recommended by the Treasury Department in their original and supplemental estimate. This is it. This will produce an amount of money that you will lose by the elimination of the manufacturers' excise tax, and the tax on imported oil, wort, and so forth. This will produce about $10,000,000 more than the manufacturers' tax. Here is the program, and you can adopt this in lieu of the manufacturers' tax.

Tobacco, one-sixth increase on the present tax, which is estimated to produce $58,000,000; automobiles and trucks, $100,000,000; one cent on gasoline, $165,000,000. Increase on first-class postage from 2 to 3 cents, $150,000,000; real-estate transfers, $11,000,000; radio and telegraph, 5 per cent, $11,000,000; domestic consumption of electricity and gas, $94,000,000, making $684,000,000, which provides for the money you would lose by striking out the manufacturers' tax.

Which program do you prefer? Choose ye between them.

Mr. CELLER. Will the gentleman yield? Does the gentleman think it is necessary to make up the deficit in 1 or 2 years, which was 5 years in the making?

Mr. CRISP. I presented my views on that at the commencement of my speech and I do not care to repeat it.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. GLOVER. I hold in my hand a telegram and I would like to read the telegram and let the gentleman answer it.

Mr. CRISP. Mr. Chairman, I do not care to have a telegram go into my speech.

Mr. GLOVER. Then I shall not put it in. I shall ask this question. Does the bill make any exemption of the manufactured product, say, of electricity? The thing I have in mind is from the rice growers in my State, which is one of the largest industries in that State. They say that if this tax applies to electricity, inasmuch as they have to use it in pumping water—and as the gentleman knows that is a prairie country and water has to be pumped to about 6 inches deep—the extra tax on electric power which they are forced to use would force them out of the business altogether.

Mr. CRISP. Under the bill as written they are not exempted. That has been brought to our attention in connection with the pumping and drainage districts out West. In a bill of this size, a bill of this magnitude, when it is made public and has been thoroughly criticized and disected by those interested, certain defects are bound to be apparent. The Committee on Ways and Means will pursue with this bill the policy that has been pursued with all tariff and tax bills which the House has adopted. In the morning we will probably meet and consider different things such as the one mentioned by the gentleman from Arkansas, and the committee will probably propose to the House a number of committee amendments to the bill during its consideration.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. KVALE. Were the Treasury estimates and recommendations in the matter of surtaxes substantially those adopted by the committee?

Mr. CRISP. No. We made a great many changes. We made the maximum apply to incomes in excess of $100,000, which is a very material change.

Mr. KVALE. Will the gentleman state how those rates compare with the war-time rates so far as the maximum surtaxes are concerned?

Mr. CRISP. They are somewhat less than the war-time rates were. In this bill certain special excise taxes are levied to make up the deficit. With all of those, with the increase in income and corporation and estate and gift and manufacturers' excise taxes, with the levy on wort and other things enumerated, we still lack the requisite amount of money to balance the Budget to the extent of $233,000,000. So we have recommended in this bill a tax of 10 per cent upon admissions to places of amusement where the amount charged is over 25 cents. There has been much opposition to this tax. I enjoy going to the theater, I enjoy going to the movies; and I wish it were not necessary to levy the tax, but I could not square my conscience with levying a tax on some articles of food and clothing and not tax moving pictures or places of amusement. Each man acts for himself, but my conscience would not permit me to vote that way, and the committee took the same view. This tax we figure will raise $90,000,000. It has very wide application; it reaches all over the country. The tax will not be injurious, and in this national emergency, where we tax clothing and shoes and some foods, why should places of amusement be exempt? The committee has doubled the tax on transfer of stocks. Under the present law there is a tax of 2 cents on each share transferred. We have doubled that and have made it 4 cents. Also, under existing law where a person loans his share of stock to another to engage in what is commonly called short selling, no tax is charged on the transfer. One can borrow the stock of another and engage in the practice of short selling and pay no tax on the transfer. Under this bill we tax those loans for short selling 4 cents a share just as is the case in every other transfer. It is estimated that this increase in the stock-transfer tax will bring in $28,000,000.

I referred to the tax on lubricating oil. Also, I referred to the tax on wort and grape concentrates.

We have also a special tax on telephone and telegraph and radio messages. That may have to be amended. I think it was the intention of the committee to remove from the tax all messages used in the dissemination of knowledge and information and publicity. The bill expressly exempts the leased wires used by the press, but some question has arisen as to whether it would exempt messages sent to them originating in this country containing news items. Before the bill is passed the committee will give consideration to this subject matter. I know not what the decision of the committee will be. I have already referred to the tax on imported oil, and so forth.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. LINTHICUM. Does the gentleman think it is fair to tax beer indirectly to the extent of $50,000,000, when we could by direct taxation give the public 2.75 per cent beer and get an income of $500,000,000?

Mr. CRISP. Mr. Chairman, I know my friend's views and he knows mine. We are going to have that discussion, and I say frankly now that in my judgment the proposed beer amendment is germane to this bill and will be in order, as much as I deprecate a prohibition discussion. However, if the House will stand with me, we will curtail the discussion, because the debate is not going to change any vote. I think the amendment is in order and I am willing to have fair debate upon it. To tax beer would mean that this law must amend the Volstead Act. The Ways and Means Committee has no jurisdiction over the Volstead Act. That is within the province of the Judiciary Committee. I grant, of course, that this House is superior to any of its committees, and that it could do it if it wanted to, but I know the House is not going to do it. To tax beer, you would have to amend existing law. To tax these other things, you do not have to amend existing law, because where the tax is laid it is lawful.

Mr. LAGUARDIA. Would such an amendment be germane?

Mr. CRISP. I believe in broad liberality of amendment, and I shall take the position, if it is offered, that it is germane, and give you gentlemen a chance to vote—and all that you will get out of it is a chance to vote.

Now, I have talked longer than I intended to. You have been kind and patient. I have tried to stick to my text. I have tried to explain this bill to you. I believe, my colleagues, that it is absolutely indefensible that the Budget of the United States in peace times should aggregate $4,100,000,000. [Applause.] It is unjustifiable. It is crushing. It is destructive of love of government, and it must be reduced. It should be reduced at least $500,000,000 or $1,000,000,000. [Applause.] A $3,000,000,000 Budget for the United States in peace times is burdensome enough upon the people. Federal taxes are burdensome, but they are inconsequential compared to the State, county, and city taxes. Only 2,000,000 of 120,000,000 people pay Federal income taxes, and they pay on net incomes. Of course, they pay some indirect taxes, but they are negligible compared to the State, county, and city taxes. In this emergency many of the States, counties, and cities have reduced their pay rolls. They have cut salaries. Industry has cut salaries. A few weeks ago those splendid gentlemen who work for the railroads agreed to cut their salaries 10 per cent. The salaries of preachers and bank presidents and teachers and everybody else in this emergency have been reduced. Why should those who are fortunate enough to be on the United States pay roll be immune from some reduction? I have always believed in living wages. I believe in them now, but I believe in this dire necessity, with a billion dollars additional taxes levied on the people, there should be a reduction in the expenses of the United States Government, including salaries from the highest to the lowest. [Applause.] I believe many of these useless bureaus and boards should be abolished. [Applause.] The first day of this session of Congress I introduced a bill to abolish the Farm Board. [Applause.] Many others should be abolished. Government expenses must be reduced, and, my friends, I appeal to you to ponder well this situation. Think well before you vote extravagant appropriations. [Applause.] The masses of the people have been long-suffering. The inarticulate voice of the masses has not been heard. When that inarticulate voice is heard it will roll as thunder, and it will sweep all before it, just as a cyclone drives the chaff before it. I know not but what that hour has arrived. [Applause, the Members rising.]

Mr. Chairman, I reserve the balance of my time.

Mr. HAWLEY. Mr. Chairman, the gentleman from Georgia [Mr. CRISP] has made an excellent and understandable presentation of the bill. When we began the hearings, the able and distinguished chairman of the committee, Mr. COLLIER, was able for a time to conduct the work of the committee, but owing to an unfortunate illness he was compelled to go to the hospital. We were fortunate in having a man singularly well qualified to assume the chairmanship in the person of the acting chairman, the gentleman from Georgia [Mr. CRISP]. [Applause.]

I desire to emphasize a statement made by the gentleman from Georgia. This is a bill prepared by the members of the committee as Members of this House, and not as partisans. When the welfare of the country is at issue, Members of this House act as Americans, not as partisans. We were 25 men who had sought an election to this body. We had further greatly desired to be placed on the Committee on Ways and Means. The time came when service on that committee meant not the plaudits arising from reduced taxation but the burden of imposing increased taxes, and we attacked the problem as your committee and as your representatives with a determination to obtain enough money to meet the expenditures of the Government in the fiscal year ending June 30, 1933.

We are in the midst of the second postwar depression. It is one of the curiosities of history that after a war of any considerable importance there occurs a first and then, some years later, a second depression. For many years and including the fiscal year ending June 30, 1930, the Government of the United States was receiving from taxes then in force a surplus of revenue. In 1930 the surplus was $184,000,000, but in 1931 that surplus disappeared, and a deficit of $903,000,000 occurred—$616,000,000 due to ordinary expenses of the Government. This difference of $840,000,000 was due to conditions attributable to the general depression and credit crisis.

The deficit for this year will be greater, some $2,240,000,000, to be provided for by issuance of securities. Nine hundred and three million dollars of public securities were sold during the last fiscal year to meet the deficiency in revenue. Taking the deficit for this year and the appropriation already made for the Reconstruction Finance Corporation of $500,000,000, which will probably be used before the end of the fiscal year, and $125,000,000 for relief of the Federal land banks, it appears that there must be marketed this year approximately three billion of securities. We can not continue to sell the securities of the United States to pay the running expenses of the Government and expect to maintain its credit in this country or abroad. Any decline in the securities of the Government costs the holders of them the extent of that decline if they must sell them for their private or commercial needs. It may endanger the banks which keep them as a part of their assets. It increases the amount of interest the Government must pay upon its borrowings.

The committee, having heard the statement of the Treasury and examining into the facts, became convinced that the time to stop borrowing and to pay expenses as they occurred was at the earliest possible date. This fiscal year is practically gone and the next one will begin before the law can go into full effect. So the committee proposes in the next year that for a dollar of expenditure there shall be a dollar of revenue.

This bill was not prepared in haste. Every possible source of revenue was explored. We considered with great care the recommendations made by the Treasury. We concluded that in the case of special taxes the burden of the taxation should be distributed over a wide base and the rate of tax materially decreased, and on this program we have the cordial cooperation and approval of the Treasury.

In order to balance the Budget during the fiscal year ending June 30, 1933, it is necessary to increase the revenues in that year by $1,241,000,000, after eliminating the statutory debt requirements for the sinking fund.

We all agreed that the income taxes should be increased, that the corporations should pay more, that a duplicate estate should be included and all the proceeds therefrom be covered into the Treasury of the United States, that a gift tax should be included, and that savings should be effected by amendments to the administrative features, which the Treasury estimates to amount to $100,000,000, and approved the Treasury's proposal to effect a further reduction in expenditures of $125,000,000.

The following table submitted by the Treasury gives the details of receipts and expenditures and the financial status:

Receipts and expenditures for the fiscal year 1931, on the basis of daily Treasury statements (unrevised), and estimated receipts and expenditures for the fiscal years 1932 and 1933

[Receipts and expenditures are separately presented for general and special funds combined and for trust funds, to conform to the practice of the Bureau of the Budget, in addition to the customary totals for general, special, and trust funds combined]

	1931	1932	1933
GENERAL AND SPECIAL FUNDS COMBINED			
Receipts:			
Internal revenue—			
Income tax	$1,860,394,295.25	$1,140,000,000.00	$1,100,000,000.00
Miscellaneous internal revenue	569,386,721.07	544,000,000.00	588,000,000.00
Total internal revenue	2,429,781,016.32	1,684,000,000.00	1,688,000,000.00
Customs (excluding tonnage tax)	376,576,392.81	410,000,000.00	480,000,000.00
Miscellaneous receipts—			
Proceeds of Government-owned securities—			
Principal—foreign obligations	51,588,133.37	(1)	74,881,881.00
Interest—foreign obligations	184,474,622.38	(1)	195,094,690.00
Railroad securities	16,767,027.42	2,007,597.00	1,577,500.00
All other	11,558,913.62	27,914,965.00	19,545,440.00
Proceeds of sale of surplus property	8,641,223.07	13,089,957.00	9,067,236.00
Panama Canal tolls, etc	26,624,253.07	25,137,680.00	25,137,000.00
Other miscellaneous (including tonnage tax)	83,627,050.14	76,728,601.00	83,226,455.00
Total general and special fund receipts	3,189,638,632.20	2,238,878,800.00	2,576,530,202.00
Expenditures:			
Legislative Establishment	23,978,412.68	32,382,800.00	23,243,900.00
Executive office	506,811.30	433,300.00	429,300.00
Veterans' Administration	[2] 708,609,669.76	784,442,000.00	30,210,000.00
Shipping Board	33,961,996.34	60,800,000.00	21,800,000.00
Other independent offices and commissions	50,835,844.74	57,611,800.00	52,003,200.00
Department of Agriculture	296,865,944.69	333,547,300.00	215,723,600.00
Department of Commerce	61,477,117.63	54,673,600.00	48,343,050.00
Department of the Interior	[3] 64,542,778.53	78,344,100.00	71,849,000.00
Department of Justice	44,403,497.73	53,798,800.00	53,440,500.00
Department of Labor	12,181,471.83	14,129,200.00	14,509,000.00
Navy Department	353,768,185.35	378,913,100.00	375,340,600.00
Post Office Department	82,297.59	75,000.00	75,000.00
Department of State	15,753,493.07	16,564,600.00	14,730,900.00
Treasury Department	204,656,704.68	312,854,800.00	279,567,100.00
War Department	[4] 476,842,697.12	483,725,000.00	430,038,200.00
	2,348,466,923.04	2,662,295,400.00	2,431,303,350.00
Add unclassified items	182,624.77		
	2,348,649,547.81	2,662,295,400.00	2,431,303,350.00

[1] No estimates of amounts payable during the fiscal year 1932 on these accounts are included because of the President's proposal of June 20, 1931, for postponement. (See p. 32.)

[2] The Veterans' Administration began to function on Aug. 1, 1930, in accordance with Executive order of July 21, 1930. For comparative purposes, the figures shown above for the Veterans' Administration include the expenditure for the entire fiscal year 1931 for the Bureau of Pensions, heretofore under the Department of the Interior and for the National Homes for Disabled Volunteer Soldiers; payment of annuities under acts of May 23, 1908, and Feb. 28, 1929; and artificial limbs, appliances, and trusses for disabled soldiers, heretofore under the War Department.

[3] Exclusive of the Bureau of Pensions. See note 2.

[4] Exclusive of National Homes for Disabled Volunteer Soldiers and war accounts referred to in note 2.

Receipts and expenditures for the fiscal year 1931, etc.—Continued

	1931	1932	1933
GENERAL AND SPECIAL FUNDS COMBINED—continued			
Expenditures—Con.			
Public debt—			
Interest	$611, 559, 704. 35	$605, 000, 000. 00	$640, 000, 000. 00
Sinking fund	391, 660, 000. 00	411, 771, 300. 00	426, 489, 600. 00
Purchase and retirements from foreign repayments	48, 245, 950. 00		69, 138, 800. 00
Purchases and retirements from franchise tax receipts (Federal reserve and Federal intermediate credit banks)	91, 400. 00	75, 000. 00	1, 075, 000. 00
Forfeitures, gifts, etc.	84, 650. 00	100, 000. 00	100, 000. 00
Refunds of receipts—			
Customs	21, 369, 006. 78	20, 815, 500. 00	20, 010, 500. 00
Internal revenue [5]	69, 887, 928. 92	70, 217, 600. 00	44, 389, 200. 00
Postal deficiency	145, 643, 613. 12	195, 000, 000. 00	155, 000, 000. 00
Panama Canal	9, 299, 056. 81	11, 000, 000. 00	13, 400, 000. 00
Agricultural marketing fund (net)	190, 540, 854. 70	155, 000, 000. 00	15, 000, 000. 00
Adjusted-service certificate fund	224, 000, 000. 00	200, 000, 000. 00	150, 000, 000. 00
Civil-service retirement fund	20, 850, 000. 00	20, 850, 000. 00	20, 850, 000. 00
Foreign Service retirement fund	216, 000. 00	215, 000. 00	416, 000. 00
District of Columbia	[6] 9, 500, 000. 00	9, 500, 000. 00	9, 500, 000. 00
Total general and special fund expenditures	4, 091, 597, 712. 49	4, 361, 839, 800. 00	3, 996, 672, 450. 00
Excess of expenditures	901, 959, 080. 29	2, 122, 961, 000. 00	1, 420, 142, 248. 00
TRUST FUNDS			
Receipts	127, 594, 861. 61	120, 590, 915. 00	119, 430, 300. 00
Expenditures	128, 352, 626. 39	120, 313, 600. 00	116, 237, 500. 00
Excess of expenditures	757, 764. 78		
Excess of receipts		277, 315. 00	3, 192, 800. 00
GENERAL, SPECIAL, AND TRUST FUNDS COMBINED			
Receipts	3, 317, 233, 493. 81	2, 359, 469, 715. 00	2, 695, 960, 502. 00
Expenditures	4, 192, 950, 338. 88	4, 482, 153, 400. 00	4, 112, 909, 950. 00
Excess of expenditures	902, 716, 845. 07	2, 122, 683, 685. 00	1, 416, 949, 448. 00

[5] Includes refunds and drawbacks under Bureau of Industrial Alcohol.

[6] Expenditures shown above for the District of Columbia represent the share of the United States charged against the general fund of the Treasury. The expenditures chargeable against the revenues of the District of Columbia under "trust funds" amounted to $38,868,647.61 for the fiscal year 1931.

Mr. HAWLEY. The deficits indicate a drastic reduction in the yield of income taxes, due to the present depression. There exists between the Government revenues and the income tax a very close relation, and the effect of business conditions on both is emphasized in the following table:

Receipts—actual for 1929, 1930, and 1931, and estimated for 1932 and 1933 [1]

Source	1929	1930	1931
Internal revenue:			
Corporation income tax	$1, 075, 000, 000	$1, 118, 000, 000	$892, 000, 000
Individual income tax	1, 019, 000, 000	1, 061, 000, 000	730, 000, 000
Back income taxes	237, 000, 000	232, 000, 000	239, 000, 000
Miscellaneous internal revenue	607, 000, 000	628, 000, 000	569, 000, 000
Customs	602, 000, 000	587, 000, 000	378, 000, 000
Miscellaneous receipts	493, 000, 000	552, 000, 000	509, 000, 000
Total receipts	4, 033, 000, 000	4, 178, 000, 000	3, 317, 000, 000
Expenditures	3, 848, 000, 000	3, 994, 000, 000	4, 219, 000, 000
Surplus	185, 000, 000	184, 000, 000	
Deficit			902, 000, 000

Source	1932	1933
Internal revenue:		
Corporation income tax	$517, 000, 000	$382, 000, 000
Individual income tax	339, 000, 000	275, 000, 000
Back income taxes	220, 000, 000	210, 000, 000
Miscellaneous internal revenue	526, 000, 000	550, 000, 000
Customs	375, 000, 000	430, 000, 000
Miscellaneous receipts	265, 000, 000	528, 000, 000
Total receipts	2, 242, 000, 000	2, 375, 000, 000
Expenditures	4, 482, 000, 000	4, 113, 000, 000
Surplus		
Deficit	2, 240, 000, 000	1, 738, 000, 000

[1] Estimates for 1932 and 1933 are the latest estimates of the Treasury submitted to the committee in February and are lower than the December estimates as to receipts.

The sources from which the committee proposes to obtain this large sum of $1,241,000,000 are in detail as follows:

Increase in taxes proposed

	Estimated additional revenue for fiscal year 1933
Manufacturers' excise tax at 2¼ per cent	$595, 000, 000
Income tax:	
Individual	112, 000, 000
Corporation	21, 000, 000
Estate and gift taxes	35, 000, 000
Admissions tax at 10 per cent on admissions of 25 cents and over	90, 000, 000
Stock transfers and sales, increase from present rate of 2 cents to 4 cents, and application of tax of 4 cents to loans of stocks	28, 000, 000
Lubricating oil, 4 cents per gallon	25, 000, 000
Malt sirup, 35 cents per gallon; grape concentrates, 40 per cent ad valorem; wort, 5 cents per gallon	50, 000, 000
Telegraph, telephone, and radio messages, 5 cents on messages costing 31–49 cents, and 10 cents on messages costing 50 cents or more	35, 000, 000
Gasoline, gas oil, fuel oil, and crude-oil imports, 1 cent per gallon	5, 000, 000
Reduction in postal deficit	25, 000, 000
Administrative changes	100, 000, 000
Total additional revenue	1, 121, 000, 000
Reduction in expenditures	125, 000, 000
Total additional revenue and reduction in expenditure	1, 246, 000, 000
Amount required to balance the Budget [1]	1, 241, 000, 000
Excess over requirements	5, 000, 000

The normal tax rates on individuals will be increased as follows on net incomes:

	Present law	Proposed law
	Per cent	*Per cent*
$1,000–$4,000	1½	2
$4,000–$8,000	3	4
Over $8,000	5	6

Single persons are to be allowed an exemption of $1,000; married persons of $2,500. The exemption of $400 for dependents is unchanged.

The surtax rates are increased from a maximum of 20 per cent on incomes of $100,000 and over to a maximum of 40 per cent on incomes of $100,000 and over. Adding the maximum normal rate of 6 per cent to the maximum surtax rate of 40 per cent gives a total maximum rate of 46 per cent on individual incomes.

INCOME, ESTATE, AND GIFT TAXES

The first sources of revenue investigated by your committee in the preparation of the present bill were the income and the estate taxes.

The bill as reported provides for an increase in the income tax of all married men with incomes in excess of $2,500, and of all single men with incomes in excess of $1,000. The increase in the tax on larger incomes is greater, not only in dollars but proportionately, than the increase in the tax on small incomes.

The effect of the change in rates recommended on various incomes is shown in the following table:

Comparison of income tax on individuals under revenue act of 1928 and proposed revenue bill of 1932

MARRIED PERSON WITH NO DEPENDENTS, $5,000 EARNED INCOME

Net income	Tax under 1928 act	Tax proposed
$3,000	0	$2. 50
$4,000	$5. 63	20. 00
$5,000	16. 88	37. 50
$6,000	31. 88	57. 50
$7,000	46. 88	77. 50
$8,000	69. 38	115. 00
$9,000	99. 38	155. 00
$10,000	129. 38	195. 00
$12,000	219. 38	312. 50

[1] Exclusive of statutory debt retirements.

MARRIED PERSONS WITH NO DEPENDENTS, $5,000 EARNED INCOME.—contd.

Net income	Tax under 1928 act	Tax proposed
$14,000	$339.38	$472.50
$16,000	479.38	652.50
$18,000	639.38	852.50
$20,000	819.38	1,072.50
$22,000	1,019.38	1,312.50
$24,000	1,239.38	1,572.50
$26,000	1,479.38	1,852.50
$28,000	1,719.38	2,152.50
$30,000	1,979.38	2,472.50
$35,000	2,659.38	3,362.50
$40,000	3,399.38	4,372.50
$45,000	4,209.38	5,512.50
$50,000	5,079.38	6,772.50
$60,000	6,999.38	9,672.50
$70,000	9,159.38	13,072.50
$80,000	11,459.38	16,972.50
$90,000	13,859.38	21,222.50
$100,000	16,259.38	25,672.50
$150,000	28,759.38	48,672.50
$200,000	41,259.38	71,672.50
$300,000	66,259.38	117,672.50
$500,000	116,259.38	209,672.50
$1,000,000	241,250.38	439,672.50

SINGLE PERSON WITH $5,000 EARNED INCOME

$2,000	0	$15.00
$3,000	$16.88	32.50
$4,000	28.13	50.00
$5,000	39.38	67.50
$6,000	61.88	95.00
$7,000	91.88	135.00
$8,000	121.88	175.00
$9,000	151.88	215.00
$10,000	191.88	262.50
$12,000	311.88	402.50
$14,000	431.88	562.50
$16,000	571.88	742.50
$18,000	731.88	942.50
$20,000	911.88	1,162.50
$22,000	1,111.88	1,402.50
$24,000	1,331.88	1,662.50
$26,000	1,571.88	1,942.50
$28,000	1,811.88	2,242.50
$30,000	2,071.88	2,562.50
$35,000	2,751.88	3,452.50
$40,000	3,491.88	4,462.50
$45,000	4,301.88	5,602.50
$50,000	5,171.88	6,862.50
$60,000	7,091.88	9,762.50
$70,000	9,251.88	13,162.50
$80,000	11,551.88	17,062.50
$90,000	13,951.88	21,312.50
$100,000	16,351.88	25,762.50
$150,000	28,851.88	48,762.50
$200,000	41,351.88	71,762.50
$300,000	66,351.88	117,762.50
$500,000	116,351.88	209,762.50
$1,000,000	241,351.88	439,762.50

MARRIED PERSON WITH NO DEPENDENTS AND MAXIMUM EARNED INCOME $30,000 UNDER 1928 ACT; $12,000 PROPOSED

$3,000	0	$2.50
$4,000	$5.63	20.00
$5,000	16.88	37.50
$6,000	28.13	55.00
$7,000	39.38	72.50
$8,000	56.25	100.00
$9,000	78.75	135.00
$10,000	101.25	170.00
$12,000	168.75	260.00
$14,000	258.75	420.00
$16,000	363.75	600.00
$18,000	483.75	800.00
$20,000	618.75	1,020.00
$22,000	768.75	1,260.00
$24,000	933.75	1,520.00
$26,000	1,113.75	1,800.00
$28,000	1,293.75	2,100.00
$30,000	1,488.75	2,420.00
$35,000	2,168.75	3,310.00
$40,000	2,908.75	4,320.00
$45 000	3,718.75	5,460.00
$50,000	4,588.75	6,720.00
$60,000	6,508.75	9,620.00
$70,000	8,668.75	13,020.00
$80,000	10,968.75	16,920.00
$90,000	13,368.75	21,170.00
$100,000	15,768.75	25,620.00
$150,000	28,268.75	48,620.00
$200,000	40,768.75	71,620.00
$300,000	65,768.75	117,620.00
$500,000	115,768.75	209,620.00
$1,000,000	240,768.75	439,620.00

SINGLE PERSON AND MAXIMUM EARNED INCOME, $30,000 UNDER 1928 ACT; $12,000 PROPOSED

Net income	Tax under 1928 act	Tax proposed
$2,000	0	$15.00
$3,000	$16.88	32.50
$4,000	28.13	50.00
$5,000	39.38	67.50
$6,000	$56.25	$90.00
$7,000	78.75	125.00
$8,000	101.25	160.00
$9,000	123.75	195.00
$10,000	153.75	230.00
$12,000	243.75	350.00
$14,000	333.75	510.00
$16,000	438.75	690.00
$18,000	558.75	890.00
$20,000	693.75	1,110.00
$22,000	843.75	1,350.00
$24,000	1,008.75	1,610.00
$26,000	1,188.75	1,890.00
$28,000.00	1,368.75	2,190.00
$30,000.00	1,563.75	2,510.00
$35,000.00	2,243.75	3,400.00
$40,000.00	2,983.75	4,410.00
$45,000.00	3,783.75	5,550.00
$50,000.00	4,663.75	6,810.00
$60,000.00	6,583.75	9,710.00
$70,000.00	8,743.75	13,110.00
$80,000.00	11,043.75	17,010.00
$90,000.00	13,443.75	21,260.00
$100,000.00	15,843.75	25,710.00
$150,000.00	28,343.75	48,710.00
$200,000.00	40,843.75	71,710.00
$300,000.00	65,843.75	117,710.00
$500,000.00	115,843.75	209,710.00
$1,000,000.00	240,843.75	749,710.00

The bill proposes a corporation tax of 13 per cent. Dividends paid by them will pay under a graduated tax rate up to 40 per cent, making a maximum tax on corporate earnings of 53 per cent.

Adding together the proposed increases in revenue for the fiscal year ending June 30, 1933, from the following items: Individual income taxes, $112,000,000; corporation income taxes, $21,000,000; estate and gift taxes, $35,000,000; reduction in postal deficit, $25,000,000; administrative changes, $100,000,000; reductions in expenditures, $125,000,000, we have a total of $418,000,000. There then remains to be raised from other sources $823,000,000.

Day after day and week after week we searched the commercial, geographical, and industrial map of the United States for sources of revenue. All suggestions that seemed to be valuable for our purposes were examined, with the result that this bill comes before you with the unanimous report of the Committee on Ways and Means on roll call.

In my judgment the bill fairly distributes the increased burden of taxation. Income taxes are the fairest of all taxes, because they tax a taxpayer on his net earnings. When people are making money they can better afford to pay these taxes.

We reluctantly turned to the manufacturers' excise taxes, because they tax the producer, whether he is making or losing money, but that can not be avoided. No one can tell at the beginning of a year whether at the end of the year he will have a net gain or a net loss, speaking generally. As these taxes are to be paid monthly, they must be imposed on the taxpayer whether gains or losses are finally made.

Now, to indicate that we did not assume without investigation that the Government needed additional revenues let me call your attention briefly to a few figures. In 1930, as I have already stated, we closed the fiscal year with a surplus, and taking that year as the basis, the receipts from corporation income were 46 per cent of what they were for 1930; for 1933 they are estimated to be 34 per cent. The receipts from individual income taxes in 1932 were 32 per cent of those in 1930 and are estimated to be 26 per cent in 1933. Taking the totals of the ordinary sources of revenue of the Government as compared with those of 1930, they are 54 per cent for the year 1932 and are estimated at 57 per cent for 1933. That is, the sources of revenue of the Government have dried up, and even if we had increased the income, estate, and gift taxes to rates very much higher than we have in this bill we still would have needed hundreds of millions of dollars to balance the Budget in 1933.

We believe the rates in this bill on income, estate, and gift taxes have approached the point of diminishing returns and that any higher rates would earn less money than those we have proposed.

Before I discuss briefly the manufacturers' excise taxes let me call attention to two matters. We did not go immediately to the manufacturers' excise taxes after determining the rate of corporation and individual income taxes and gift and estate taxes. We asked the question of the Treasury: Is it possible by amendment of the administrative features of the law to prevent evasion of taxation in matters where experience has shown evasions are occurring, and are there any other means by which we can save revenue to the Government? Upon the recommendation of the Treasury we adopted several amendments which will be read in their order under the 5-minute rule, but two of them are worthy of your special notice. One is in the case of gains and losses on sales of stocks and bonds. We have set those up in a bracket by themselves, and we do not allow such losses to be charged against general income, to be charged as a deduction against gross receipts. The income from stock gains may be offset by stock losses. However, if stock losses for one year are greater than stock gains, they may not be carried over into the next year. In other words, in the case of stock transactions we confine the gains and losses to the year in which they occur, with no transfer to a subsequent year.

Now as to the matter of the credit for income and profits taxes paid to foreign governments by taxpayers in the United States. Heretofore it has been possible for a corporation doing business in this country and doing business abroad, where the rates are much higher, to pay on the United States income less than the 12 per cent provided in existing law. Let me state it in another way: It has been possible for a corporation to pay into the Treasury of the United States less than the normal corporation rate on the income earned by it in this country. We have changed that so that at least we will get the full amount of tax on the income earned by the corporation in this country, as specified in the law, which will be 13 per cent hereafter, and on incomes earned abroad where the rate of tax is lower than our own, the Treasury will receive an amount equal to the difference between the rates.

The gentleman from Georgia went into detail as to the matter of the manufacturers' excise taxes. However, there are a few observations I wish to add to his statement. In the first place, no manufacturer or producer pays a tax on sales if his total gross business is less than $20,000. All those who sell more than $20,000 worth in a year are to be licensed. The purpose of the license is to prevent pyramiding. The gentleman from Georgia used one illustration. Let me use another. In the case of products of steel, suppose that one mill makes the iron ingots and is licensed.

It transfers such product, for instance, to a mill making an advanced product of iron by indorsing on its invoice the number or description of its license, and the product goes to the second mill tax free and this process will be repeated as the product goes from mill to mill, until finally it is sold to a manufacturer who makes some finished commodity ready for some one in the United States to use. When this manufacturer who makes the finished commodity, ready to be sold, ready for consumption, sells, he pays on his wholesale price 2¼ per cent, and no pyramiding occurs.

Three things may happen to this tax, depending upon market conditions. If the market is good and sales are freely made he may pass the tax on. If the market is not very good and goods are not moving freely, he may absorb the tax, or if his profits are large before the imposition of this tax, he will absorb the tax.

In the event the market is bad, the tax may be passed back in the form of reduced prices to those from whom he purchases.

Mr. WOODRUFF. Will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. WOODRUFF. Does not the theory of the gentleman apply with peculiar force to the canning industry, the industry that preserves the products direct from the farm? This industry to-day is already operating on a mighty slim profit, and any tax that is imposed on it will probably be passed back to the farmer and reduce his already very slim income.

Mr. HAWLEY. That question has been raised. It was raised in its present form after the bill had been completed. The Government of the United States has no income of its own. It takes a part of the income of its citizens; and if it is necessary that every citizen contribute a little for the support of the Government, which provides him the conditions of liberty and of life, and of citizenship in this country, it is not an unreasonable burden. All taxes in times like these are objectionable. I am not enthusiastic over increasing taxes at any time, much less in a condition such as the country is in now, but it is a condition that we have to meet if we are to maintain our credit, if we are to foster a revival of credit in commercial affairs, because if the Government can not pay its expenses and its bonds are below par and its credit is discredited, all commercial credit will likewise suffer. [Applause.] And until we get beyond this credit crisis and confidence is restored in the institutions of the country, financial and otherwise, the billion and one-half dollars in hiding will not come into circulation.

People will be fearful and, moreover, until we do this economic recovery will not occur. Although this tax is a burden, there lies before us the promised land of economic return when every man will have a job and the condition of every class will be improved. [Applause.]

Mr. WOODRUFF. Will the gentleman yield further?

Mr. HAWLEY. Certainly.

Mr. WOODRUFF. I recognize fully there is much weight to the remarks of the gentleman. I agree with him fully in regard to the theory that he expounds, and I realize it is extremely necessary to balance the Budget, and in order to do so we have got to get the money; but Congress long ago established a precedent, which is a wise one in my opinion, that the taxes to be gathered by this Government should be gathered from those best able to pay; that the taxes should be as little burdensome as possible. In view of conditions that exist on the farm and the extremely low price of farm products, which, by the way, do not even approach the cost of production, I want to say, Mr. Chairman, it is not up to the Congress at this time to add one ounce to the burden that is borne by every farmer in this country.

Mr. HAWLEY. I should regret to increase the burdens of agriculture, but if by chance some farmer may pay a small tax under this bill and it accomplishes what we intend, he enters the promised land of better prices, and he will thank us for leading him across that Red Sea into a better condition. An increase in the prices he receives for his products will offset many times the small amount he may pay as the result of this tax. [Applause.]

Mr. WOODRUFF. Will the gentleman yield further?

Mr. HAWLEY. Yes.

Mr. WOODRUFF. The farmer I have in mind, Mr. Chairman, is not the farmer who can afford to pay this tax. The farmer I have in mind is the farmer who is faced with the loss of his farm, who to-day, because of the small price he receives for what he raises, can not pay the tax on his farm, and for that reason is faced with eviction. This class of farmer is legion in this country, and to add to his tax burden is to make it impossible for him to carry on.

Mr. HAWLEY. And there are thousands of manufacturers in this country who may be said to be unable to afford to pay the tax, but they will pay under this bill.

Mr. WOODRUFF. Whenever the manufacturer finds himself operating at a loss he does not have to continue to operate. He closes his doors, and he lays off the men employed by him and he reduces his expenses to meet the necessity of the situation; but the farmer can not do this.

He can not run his farm a month and then cease operations. He is compelled to operate the year around or not at all.

Mr. THATCHER. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. THATCHER. Concerning the governmental credit, the bill is predicated on the idea that the expenditures will run about as they are running now?

Mr. HAWLEY. Approximately the same, although we have included in this bill a reduction of $125,000,000 to be effected in the administration of appropriations now being made, in addition to the diminutions made in the Budget and those made by the Appropriations Committee. In the actual expenditures it is expected that $125,000,000 will be saved from the appropriations now being made by administrative policies.

Mr. THATCHER. But in many bills the authorization is increased, and what will be the effect if the authorizations are hundreds of millions in addition?

Mr. HAWLEY. If that course is pursued in expenditures, it will mean a bond issue, and may further impair public credit.

Mr. KELLER. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. KELLER. The gentleman made a statement that following every serious war there are two periods of depression—one shortly after and one several years after. Will the gentleman be kind enough to give me the historical facts about that?

Mr. HAWLEY. I have in my office a chart illustrating such a course of events in the past, and I have noted the same statement previously.

Mr. KELLER. Where did the gentleman get the chart?

Mr. HAWLEY. It came through the mail from what I thought was a responsible source.

Mr. KELLER. Where can I get one?

Mr. HAWLEY. I could tell the gentleman if he will call at my office.

Mr. KELLER. I would like to ask the gentleman a further question. Does the bill provide in any way for putting men to work?

Mr. HAWLEY. I endeavored to explain that, but probably I was not clear enough. When the Government maintains its own credit—when the securities of the Government which are used for loans and other purposes are at their face value—that will lead to the restoration of confidence in industrial and commercial circles; and when that is done money now in hiding will come out, production will ensue, and the manufacturers will begin employment and absorb the unemployed. The purpose we have now in view is to balance the Budget, which is the first step in the restoration of the public credit and the economic recovery.

Mr. KELLER. How did we get into this abnormal condition?

Mr. HAWLEY. Ask the whole world.

Mr. KELLER. I am asking the gentleman from Oregon, and I think he is capable of answering it.

Mr. HAWLEY. We went down after the rest of the world had entered the depression.

Mr. KELLER. But we went first.

Mr. HAWLEY. No; we went last.

Mr. KELLER. We went down first, and the rest of the world has not yet gone down.

Mr. HAWLEY. Germany went down among the first, and before that occurred I could buy millions of dollars of her currency for what change I have in my pocket. Other nations also entered the depression soon thereafter.

Mr. KELLER. I know that subject as well as the gentleman, and I challenge the whole statement of fact which the gentleman makes on this subject.

Mr. HAWLEY. The record establishing the fact however, is written in the annals of the world beyond dispute.

Mr. BACHMANN. Will the gentleman yield?

Mr. HAWLEY. I will yield to the gentleman from West Virginia.

Mr. BACHMANN. I would like to inquire whether the committee gave any consideration to the number of States that have a gross sales tax now in existence. Does the gentleman know how many States now have a sales tax?

Mr. HAWLEY. I am informed that there are four or five.

Mr. BACHMANN. The committee did not go into the question of how a manufacturers' tax would affect those States?

Mr. HAWLEY. No; no provision is made in the bill authorizing credits for such taxes.

Mr. BACHMANN. Would it be fair to expect States in the Union, where the manufacturers are already paying a sales tax as great as this tax, to pay this tax also?

Mr. HAWLEY. I suggest that the gentleman offer an amendment to take care of that matter and give it to the chairman of the committee. The chairman stated that we would have a meeting every morning in his room to consider amendments to be submitted.

Mr. BACHMANN. I will say to the gentleman that if this principle of the sales tax is contained in this bill and no exception is made to a State which is already paying a sales tax to the State, as great as, if not greater than this tax, we of West Virginia will be compelled on that principle alone to vote against this bill——

Mr. HAWLEY. I suggest that the gentleman prepare his amendment and give it to the chairman of the committee.

Mr. BACHMANN. Because our manufacturers can not pay two gross sales taxes.

Mr. COLLINS. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. COLLINS. Did I understand the gentleman to say that this was a bipartisan measure?

Mr. HAWLEY. I said it was a no-party measure. We played a team game. It is a bill without party identification—an American bill.

Mr. FULLER. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. FULLER. I do not understand a provision here, and I would like to have the gentleman's interpretation of it. It provides that they do not have to obtain a license as a manufacturer until they have sold in the preceding year $20,000 worth of goods. Does the gentleman understand that to mean that the first $20,000 is exempt?

Mr. HAWLEY. No. If the sales in the course of a year are not $20,000, or it is expected that in the course of a year a manufacturer will sell less than $20,000, he is not required to take out a license and will pay no tax on his sales; but if he sells over $20,000 per year, he pays on the full amount of his sales.

Mr. FULLER. For instance, a canning factory that cans tomatoes and other farm products would naturally have to pay on the cans, which is the biggest cost of his manufacturing business. He would have to pay on those cans from the cannery, would he not?

Mr. HAWLEY. If his output was under $20,000, so that he was not licensed.

Mr. FULLER. Even though he sold less than $20,000 a year?

Mr. HAWLEY. Yes.

Now, in answering the gentleman from Michigan a moment ago I should have called attention to the fact that if the goods, fruits, and vegetables, and so forth, are processed by the farmers or by cooperative farmers' organizations they are not taxed.

Mr. WOODRUFF. I have read the bill and I realized that.

Mr. HAWLEY. I am glad the gentleman read the bill. It is a commendable practice.

Mr. FINLEY. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. FINLEY. I have not had time to read the bill closely. How is fuel treated in this bill—coal, for instance?

Mr. HAWLEY. Coal is taxed.

Mr. FINLEY. The coal operator who produces coal is assumed to be a manufacturer?

Mr. HAWLEY. He is furnishing one of the elements of power. He is in competition with the gas and with the power that comes from electricity.

Mr. FINLEY. And is taxed?

Mr. HAWLEY. And is taxed, except on his sales to licensed manufacturers, who can buy it tax free for use in manufacturing.

Mr. GARBER. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. GARBER. As I understand it, the products of the steel mills, iron foundries, cotton mills, and woolen mills not making finished products would not be included within the purview of this act?

Mr. HAWLEY. It would depend on the circumstances of their sales. If I bought wrought iron as wrought iron to make fences for use out on the prairie, that is a final sale. It depends upon the circumstances of the sale.

Mr. GARBER. Wrought iron would not be a finished product until it was manufactured into a post, would it?

Mr. HAWLEY. Well, if I bought a bar and cut it up myself it would be. I have seen that done. That is why I use that illustration. It depends upon the circumstances of the sale. The bill could not go into all these great details and ramifying circumstances without making a bill as large as a volume. So we have put in the bill the general principles and directed and authorized the Department of the Treasury to make regulations interpretative of these principles, and when any question such as that the gentleman is raising arises, and any difficulty is found, the Treasury will effect an amicable and fair settlement of the question. A great deal must be done by regulation.

Mr. GARBER. I was wondering to what extent the United States Steel Co. would be required to pay a tax under this bill.

Mr. HAWLEY. The United States Steel Co., being a manufacturing concern, will pay the tax at some point in its processes of manufacture. It is an outstanding corporation, whose books are constantly examined by the Treasury Department in connection with the income-tax returns, and the Treasury will know what is happening and the company will certainly pay the tax.

Mr. JOHNSON of Missouri. Will the gentleman yield?

Mr. HAWLEY. I yield.

Mr. JOHNSON of Missouri. I notice on page 19, section 8, there is a credit given in the way of deduction from income or earned income from sources without the United States. It is generally reported that since the enactment of the retaliatory tariffs a large number of the corporations of the United States have invested their money in foreign countries, and they receive large incomes from that. Why was this provision permitting the deduction of earned income from sources without the United States included?

Mr. HAWLEY. It is a modification of the existing law.

Mr. JOHNSON of Missouri. Why should it be so modified?

Mr. HAWLEY. I referred to that at the beginning. I repeat for the gentleman's benefit. At present a corporation having an income earned in this country and an income earned in foreign countries may pay less than 12 per cent in income taxes on the American income. We amended the law so they at least pay the 13 per cent we provide here, and if the foreign rate of tax is less than ours, the Treasury will collect upon the income earned abroad also. The Government of the United States has for many years been cooperating with some governments and endeavoring to secure the cooperation of other governments so that every government will tax the income arising within its borders and not the income arising outside. That is a fair arrangement in international taxation. It will avoid international double taxation.

Mr. JOHNSON of Missouri. Is it a fair arrangement, so far as the citizens of the United States are concerned, for these corporations to receive the benefits of our country and the results and benefits from a high protective tariff, and after the tariff had destroyed the business here go into foreign countries and earn a large income and receive credit for that?

Mr. HAWLEY. Mr. Chairman, I did not intend to mention the tariff, but let me say that the income from the tariff has diminished less than income from other sources, as I have previously indicated. Our international trade has suffered less than the domestic trade, because the domestic trade has fallen off more than half and our international trade in dutiable articles is 64 per cent of what it was for the same period. I think the gentleman's conclusion is incorrect. Nor do I know of any instance where a tariff has destroyed an industry in this country; but, on the contrary, it has made us the greatest industrial Nation.

Mr. JOHNSON of Missouri. Is it not a fact that a large number of corporations have gone into foreign countries?

Mr. HAWLEY. Let us confine ourselves to the merits of the question. American corporations and individuals have gone into various foreign countries and have established plants there and have employed the labor in the country of their operation, and, by the way, a great deal of the machinery that they use is American made. They are doing business in a foreign country. If there is a tariff, they pay the duty on their products when they come into this country. They are foreign producers to us. Since they do their business in another country and are subject to all of its laws, if there is any protection demanded by them it is furnished by the other country. It seems, on the whole, in a difficult problem of taxation, that every country should confine itself to taxing the incomes arising within its own border.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. DICKSTEIN. Has the committee given any thought to the consideration of taxing the greater income of moving-picture stars—aliens—who take millions of dollars out of this country?

Mr. HAWLEY. We have doubled the tax on them, reduced their credit on earned incomes, and reduced their exemptions. We did about everything we could to them.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. KETCHAM. A few moments ago the gentleman from Oregon called attention to products of the farm canned or processed by the farmer himself, and said there was no tax on them. The gentleman from Oregon also stated that cooperative organizations of farmers engaged in canning, even though their product exceeded $20,000, were not subject to tax.

Mr. HAWLEY. So I understand.

Mr. KETCHAM. I want to be perfectly sure about that and have it appear in the RECORD.

Mr. HAWLEY. That is a fact. If the goods are prepared by the farmer or by cooperatives of farmers, they are not taxed, as is stated in the bill.

Mr. KETCHAM. I want the gentleman's distinct affirmation on that point.

Mr. HAWLEY. That is so understood.

Mr. GUYER. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. GUYER. Can the gentleman give us an idea of what difference it would make in revenue if all foodstuffs were exempt from tax?

Mr. HAWLEY. It would cost about $60,000,000 additional to exemptions contained in the bill. We have exempted foodstuffs in the bill, which, if taxed at the 2¼ per cent rate, would have brought into the Treasury about $80,000,000.

Mr. BLACK. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. BLACK. The gentleman is the ranking member of this committee and is of the President's party. Has the gentleman any assurance that the President will sign this bill if it contains the sales-tax feature?

Mr. HAWLEY. I have not discussed the bill with the President. This is a bill for the good of the country; and knowing the present President of the United States as I do, I am quite sure that he will sign any bill that has for its purpose the promotion of the welfare of this country and its people. [Applause.]

The manufacturers' excise taxes will expire by limitations provided in the bill on June 30, 1934. The manufacturers' excise taxes will be collected upon all imported articles whenever articles of domestic manufacture are subject to such taxes. This accords all articles offered in our markets equality of treatment and is a just provision.

Mr. Chairman, in conclusion, we are at a point now where the needs of our country demand of us a sacrifice. No one expects to get a hero's medal, though later we may be applauded for courage and prudence when the economic recovery is attained and our people are enjoying a renewed prosperity.

However, that is not the consideration. We asked to be elected to this Congress. We assume the burdens as well as the credit attaching to our position. The country expects us to acquit ourselves in accordance with our responsibilities and opportunities. There has been a sudden debacle throughout the world, and we are included. The boys in the war at the zero hour went over the top for their country; it is now our turn. [Applause.]

The CHAIRMAN. Has any arrangement been made for the control of the time on either side in opposition to the bill?

Mr. HILL of Washington. Mr. Chairman, I have been instructed by the acting chairman of the Committee on Ways and Means to yield one-half of the time on this side to the gentleman from North Carolina [Mr. DOUGHTON], a member of the committee, to be in turn yielded by him to those who oppose the bill.

The CHAIRMAN. Has any such arrangement been made on the minority side?

Mr. HAWLEY. No; there has been no division of time on this side. No one has asked for it, although Members on this side of the aisle will be recognized for and against in order.

The CHAIRMAN. The time is still in control of the gentleman from Oregon?

Mr. HAWLEY. Yes. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. MOUSER].

Mr. MOUSER. Mr. Chairman, it is with a great deal of timidity that, as one of the younger Members of this body, I take issue with some of the views of distinguished members of the Committee on Ways and Means. I am not impressed with the psychology of a proposition that affects the American people at this time, that it will restore confidence in their minds if a further heavy load of taxation is placed upon their shoulders. Let us analyze the situation. I do not pretend to be familiar with all of the technical matters contained in the legislation; but when an appeal is being made to the American people to restore their confidence and release money into circulation for the purpose of conducting their business and in turn employing labor, I can not see that we are aiding toward the restoration of that confidence at this time by passing this legislation.

We have had a deficit for a year and a half. Right now there are some indications of a return of confidence—and what are we doing? We are establishing a sales tax, which in turn will be passed on to the consumer, the ordinary person who always pays the freight. It is not good business for manufacturers not to charge this tax against the cost of the article manufactured any more than any other charge.

During the war we created a large burden of indebtedness, and we saw in this country for a period of eight years, when business was being operated under somewhat normal conditions, a return of revenue sufficient to retire the national indebtedness approximately $8,000,000,000 more than had been anticipated in that period of time.

If there are signs of a revival of business conditions at this time and we can expect with reasonable certainty that conditions are going to be better, why now discourage the confidence that is being obtained?

Of course, this tax will be passed on to the consumer. That is the argument of the Democratic Party about a tariff. They say it is indirect taxation. We know we must have revenues to operate the Government. I wonder how they can now justify this bill passing on to the consumer a direct tax? I wonder how it can be justified to the extent of increasing the cost of gas and electricity to the consumer, to the millions of men of humble means who are heads of families? Do you think that some public utilities in the United States will not take advantage of this tax and go before public-service commissions or public-utilities commissions and say that they need an increased rate because of further costs of doing business?

Let us analyze this legislation for a moment in reference to the farmer. There is an endeavor here to exclude him from the provisions of this bill, but everything he raises that is put in a can is taxed, and who is going to pay the tax? Why, the fellow who raises tomatoes will get less for his tomatoes because of the tax which the cannery pays. The fellow who raises corn will get less for his corn because of the tax that the cannery pays. It is not good business for them to pay it. They will not pay this tax upon a patriotic basis. They will pay it because it is a governmental requirement and they will charge it off in a businesslike way as a part of the cost of doing business, and they will still want to make a reasonable profit for their stockholders, as they have a right to do.

Then we say in this bill that fertilizer is exempt. How about the manufacturer who sells tile with which to drain a farm? I am advised that 95 per cent of the tile sold by industries in this country manufacturing that class of tile is sold to the farmer. I am advised further that fertilizer is doubly effective upon drained land. Who is going to pay the sales tax on tile? The American farmer. Why is not there an exemption there if it is a farm product?

As I see the trouble to-day, the price which the farmer obtains for that which he sells is clearly out of proportion to that which he must pay for that which is necessary to operate his farm. Machinery to-day is at a cost, even under present conditions, beyond the ability of the farmer to pay.

I think the American people will more gladly pay and will consider it more of a duty to pay an increased tax burden when they find that there is a conscientious endeavor to lower the cost of government. That is what has caused the deficit, the constantly mounting cost of government. The cost keeps on mounting, and we ask for increased taxes. I see no patriotic reason why a citizen should consider it a matter of duty to pay increased taxes until there is a conscientious endeavor to cut out many unnecessary bureaus and get away from the tendency toward a bureaucratic form of government, as well as a lot of red tape and unnecessary costs.

The farmer and the laboring man, the fellow who is now in distress, is going to pay the sales tax contained in this bill, and do not fool yourselves about that.

You can not blame a manufacturer for taking care of the cost of that which he manufactures. It is not good business not to do so. He is going to do it, and he is going to do it not only in respect to the price he pays to the farmer for the product he raises but he is going to put an extra charge on the consumer.

At this time, with men out of work, with Government expenses increasing, and with no real test of the ability of this Congress to reduce governmental expenditures, we are putting a further burden upon the backs of the American people.

Oh, you say, if we do not get this tax now we can not sell the Government's bonds. I say to you it is about time to stop selling so many bonds with which to operate the

Government. I can not get the connection between the revival of business in this country and the creating of further tax burdens, on the theory that the Government bond which is to be sold is not going to be worth 100 cents on the dollar. During the World War and shortly after the World War these bonds were not worth 100 cents on the dollar. They were not worth their par value; but what happened? Under normal business conditions in this country, with prosperity here, we had sufficient money to retire the debt without the further burden of taxation upon the people, and the bonds became worth more than par. If business is revived in this country, we will have a greater income, and by reducing expenditures we will not need to add to the burdens of taxation at this time.

I can not see the force of the argument. If I have any knowledge of human nature or understanding of the psychology of the American people, I can not see the force of any argument that will say that if we levy more taxes we are going to revive business and restore prosperity.

Now, this bill does not balance the Budget. It is admitted it will only raise $1,300,000,000. In the report it is estimated that at the end of 1932 there will be a deficit of two billion one hundred and some-odd million dollars. All we are doing is to create more money to spend at this time.

I can vote for an increased income tax in the larger brackets. I agree with the distinguished gentleman from Georgia [Mr. CRISP] that this should be done, and that the burden of taxation should go where the ability to pay is greatest. I can go along with his amusement tax, although I hate to further burden the humble citizen who now finds his only recreation in the theater, but I can not justify in my own mind a sales tax at this time, and I can not agree with the distinguished gentleman of my own party, a man of not only fine character, but great ability and rugged integrity, that the psychology upon the American people is going to be good if we come within several hundred million dollars of balancing the Budget at this time.

Mr. CROWTHER. Will the gentleman yield?

Mr. MOUSER. I will.

Mr. CROWTHER. I wonder if the gentleman in the remaining time will suggest to the committee or through the committee to the Congress some method to produce the equivalent of revenue that we expect to get from the sales tax. The gentleman has said something about the necessity for retrenchment of expenditures. That is the theme of all our legislation so far this year. How successful we have been, I am not so certain. I am not certain whether we have been successful in providing retrenchments or whether most of it has been in promises and postponements, but still, at the same time, we have been trying to do something. I now think that everybody who criticizes this bill, or criticizes, particularly, the heart of the bill, which is the so-called manufacturers' excise tax, in all fairness ought to be willing to present to the committee something to take its place in the shape of revenue, if they want to take that provision out of the bill.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. MOUSER. I will be pleased to answer that question and then I shall yield to the gentleman from New York.

Mr. DICKSTEIN. I was going to answer the question for the gentleman.

Mr. MOUSER. The reason we have a deficit now is because of the increased and mounting cost of government and the lowering of revenue because of a world-wide depression. The income tax that could be nominally expected has been diminished. This is true of the duties upon imports. Assuming that business returns to a normal condition in this country, by retrenchment in Government expenditures we will have enough income to supply the deficiency that the gentleman is speaking about. We have had the deficit for a year and a half and we have got along. Why, at this late hour, bring in this tax, which will not restore confidence, but will rather destroy it.

If the gentleman from New York [Mr. CROWTHER]—and I have the greatest respect for him—has confidence in the return of business conditions, why not give business a chance to come back and postpone this tax until revenues will at least have a chance to take care of it?

Mr. DICKSTEIN. Will the gentleman yield now?

Mr. MOUSER. I yield.

Mr. DICKSTEIN. I thought the gentleman would answer the question of how we could raise additional revenue and eliminate the sales tax.

Mr. MOUSER. I do not think that is going to be necessary.

Mr. DICKSTEIN. I call the gentleman's attention to a report on page 54, by our good friends the gentleman from New York [Mr. CULLEN], the gentleman from New York [Mr. SULLIVAN], and the gentleman from Massachusetts [Mr. MCCORMACK], of the Ways and Means Committee, that if we provide a little wine and beer we can get more than enough revenue to cover all the deficits for the next two or three years.

Mr. MOUSER. I think the gentleman's argument is simply injected here at this time to create an issue foreign to the matter under discussion.

Mr. DICKSTEIN. No; I am very serious about it.

Mr. MOUSER. I do not think that 2.75 per cent beer is going to destroy the home brew because they would rather drink their own than to drink 2.75 beer, and I, for one, shall not vote for it.

Mr. ADKINS. Will the gentleman yield?

Mr. MOUSER. I will be pleased to yield.

Mr. ADKINS. Has the gentleman been voting for all these appropriation bills which we have passed?

Mr. MOUSER. I have voted to reduce a great many appropriations, and, for one, I will say to the gentleman from Illinois [Mr. ADKINS] that I did not vote to spend $760,000 to remodel the House Office Building, and I think the gentleman did.

Mr. ADKINS. Did the gentleman vote for the bill providing $132,000,000 for roads?

Mr. MOUSER. No.

Mr. ADKINS. Did the gentleman vote to give 40,000,000 bushels of wheat to private charity?

Mr. MOUSER. Yes; I voted to give the 40,000,000 bushels of wheat because that is money that has already been expended foolishly. That is water that has gone over the dam. This wheat will, however, bring bread to many thousands of starving people.

Mr. ADKINS. We will have to pay for it now.

Mr. MOUSER. Now that we have got it on our hands, let us put it where it will do some good. [Applause.]

Mr. CRISP. Mr. Chairman, I yield half of my time on this side, if I may, to the gentleman from North Carolina [Mr. DOUGHTON], in accordance with the statement I made at the beginning.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, having signed the petition, I shall vote on Monday next to discharge the Judiciary Committee from further consideration of the Beck-Linthicum resolution to amend the eighteenth amendment. If a majority of the House vote favorably the resolution will be brought on the floor. It will then be subject to amendment and in its present or amended form will be put to a vote. If passed by a two-thirds vote, it will then go to the Senate. If passed by the Senate it will then go to the States for ratification either by conventions or by the State legislatures, as may be agreed upon by Congress. If ratified by three-fourths of the States, 36, it will then supersede the present eighteenth amendment.

This is not the time nor place to discuss the advisability of its ratification. I shall not do so. There is only one power on earth lawfully empowered to decide that question. That power is the people of the 48 States, either through their representatives in the State legislatures or through their representatives in State conventions elected for that purpose.

The only power which Congress has in this matter is to determine whether the eighteenth amendment should again be submitted to the people.

It is a usurpation of power for Congress to decide upon the wisdom or unwisdom of Federal prohibition. Congress has no power to declare what shall or shall not be in the Constitution. That power is in the people alone. The sole function of Congress is to " propose " amendments. If Congress fails to " propose " amendments, the States themselves may do so. The Constitution itself provides that " we, the people (not Congress), * * * do ordain and establish this Constitution."

Congress, therefore, should not attempt to decide whether, as a matter of public policy, the eighteenth amendment should be retained in its present form. It may only determine whether the people should be given the opportunity to again decide that question for themselves. To some minds this may seem like a distinction without a difference. It is, however, a difference as wide as free government is from its denial. When Congressmen are asked to " retain the amendment " they are being asked to usurp their powers. The retention or rejection of the eighteenth amendment is for the people of the States to decide, not Congress. Let us not get cloudy on this point.

My own State, and 32 others, were wholly " dry " either by their own constitutions or by legislative act before the eighteenth amendment became a part of the Federal Constitution. Others were dry in part. If the eighteenth amendment is repealed or changed it will in no wise affect the constitutions or laws of those States. Those States would continue " dry " as long as they chose to do so. States formerly wet could become dry if they determine upon that course. By resubmitting the eighteenth amendment Congress therefore does not attempt to change the law of any State of the Union.

The Beck-Linthicum resolution in effect retains the eighteenth amendment as the law of the land, except in those States which decide upon some system of legal manufacture and sale of beer, wine, or spirits. In States which do not so decide, traffic in liquor will be prohibited, both by their own law and by the Federal Constitution itself. Every State in the Union can be dry and avail itself of the Federal Constitution in addition to its own law. Or every State can be wet. Or some can be wet and some dry. Or some can be partly wet and partly dry—local option. If a State decides to be wet, and after a trial is not satisfied, it can repeal its State law and automatically the Federal Constitution will again prohibit liquor from being shipped into a single square foot of its territory. The Beck-Linthicum resolution does not therefore " scrap " the eighteenth amendment. It retains the broad public policy and benefits of the amendment on every foot of American soil except in States whose own people decide for themselves upon some other course. The resolution is therefore a compromise between outright repeal and the present law.

Let me repeat. It is not the right or duty of a Member of Congress to decide upon the wisdom of retaining the eighteenth amendment. He has no lawful power to decide that question. He only decides the propriety of submitting the question for decision. A dry Congressman can properly decide to submit the question, and then as a citizen of his own State vote to retain the present amendment, in the same way that a moderator or other presiding officer may " put " a question to a vote, and then vote against it. A number of the 145 who signed the petition will do that very thing. They believe in the eighteenth amendment, but they do not believe they have the right to prevent a vote being taken upon it. In this they are acting strictly within their constitutional powers and as conscientious American citizens. I congratulate them upon their courageous and honest course.

Should the question be submitted? I think it should for the following reasons:

First. The eighteenth amendment has never been before the people themselves. It was ratified by State legislators who were not chosen upon that question.

Second. It was adopted during the excitement of the World War and while many Americans were abroad.

Third. It was never made an issue in a national campaign by platform declaration of either of the major parties.

Fourth. We have now had 12 years' actual experience with it which we did not have when it was adopted. Hindsight is better than foresight.

Fifth. Since it was proposed half of the present voters, the women, have been enfranchised.

Sixth. Since its adoption millions of voters then living have died.

Seventh. Since its adoption millions of boys and girls have now become voters. Their views should be ascertained. " The earth belongs always to the living generation."—Jefferson. The gross change of the population by death and by new citizens coming of age, and so forth, is about 31 per cent, since the eighteenth amendment was first proposed by Congress. The change of the voting population by enfranchisement of women, deaths, and births is in excess of 50 per cent. These figures have been worked out from census reports, and so far as I know have never before been made public.

Eighth. There is widespread dissatisfaction with it. Doctors, lawyers, ministers, college presidents, and social workers are against it. Seven States at least—New York, Massachusetts, Maryland, Rhode Island, Wisconsin, Montana, and Nevada, with a population of 22,724,373, want beer as evidenced by the repeal of all legislation prohibiting it. Seven other States—Michigan, Tennessee, Louisiana, South Dakota, Arkansas, Georgia, and South Carolina, with a population of 16,755,076, have in effect recognized liquor by taxing it and deriving income from it, or its ingredients. Other States, for example, Illinois, with a population of 7,630,654, are apparently ready to abandon State prohibition if the impediment of the eighteenth amendment is removed.

When national prohibition took effect 15 States with a population in 1920 of 50,257,517 permitted the sale of alcoholic beverages. Their population in 1930 was 59,576,105. To-day their population must be in excess of 61,000,000.

Ninth. The promises made for it, before it was tried, have not been realized. I refer to (a) the emptying of jails; (b) the elimination of crime; (c) prosperity; (d) that the boys and girls who had never seen a saloon would, when they grew up, accept prohibition as a matter of course. Even the friends of Federal prohibition will admit the truth of these statements in whole or in part. The profits of liquor have now gone to the underworld, giving it enormous revenues to corrupt public officials and finance racketeering. A new invisible government has arisen. The Lindbergh case is an example.

Tenth. The need for revenue. From the Civil War to the World War two-thirds of all money to support the National Government came from liquor excises. It also contributed to State and municipal government. We are now faced with as grave an emergency as we have ever witnessed. We have the largest deficit ever known in peace time, and the largest of any government in the world. It is daily growing larger. The credit of the Nation is imperiled. In desperation we have now turned for the first time in history to a national sales tax to add to the cost of 140,000 articles going into every American home, and reaching every pocketbook in this country. If once adopted it is likely to remain for years, if not permanently. I do not favor a sales tax. But many Congressmen consider it a matter of absolute necessity.

Is it? Can the driest Congressman from the driest district in the Nation vote for it, and then go back to his constituents and explain why he voted to place on them a tax on shoes, on clothing, on farm machinery, on the bottle in the baby's crib, when a man in Milwaukee or New York or Boston was willing to pay that tax on a glass of beer? Can he explain why he refused to permit him to do so, and insisted that his own people pay a sales tax instead? As stated, there are at least 15 States which would gladly pay a liquor excise tax, to the relief of dry States from a sales tax, and when times improve, from some part of the income tax as well. To that extent, wet States would relieve dry States from paying Federal revenues.

The irony is that the liquor is being drunk anyhow.

Prof. E. R. A. Seligman, internationally known economist, says:

The point that strikes one here is that if prohibition were not in force the taxes on liquor would have rendered unnecessary not only all these miscellaneous taxes but all the other tax proposals of Secretary Mellon. The United States has voluntarily abandoned what is the greatest fiscal resource of virtually every country in the world.

He further states that an excise tax would "to-day yield approximately $1,280,000,000." The total loss in revenue since 1920 is about $11,000,000,000. World War veterans and their families who are interested in the bonus and widows' pensions will find these figures significant. This money and much more has gone to the underworld, rather than to honest, law-abiding American citizens.

It has been stated that the proposal to resubmit is an idle gesture, for the reason that 13 States at least would checkmate the other States and their vast populations. How do you know that? No one knows it. He only guesses at it. The Literary Digest poll two years ago showed only four States certainly dry. The present poll so far shows only one.

By submitting the proposal this winter Congress would eliminate the question from next year's campaign. Neither party would have to declare themselves upon it for the reason that it would then be before the American people awaiting their decision. Thus the most troublesome question to both Republicans and Democrats would be taken out of the campaign, and permit national, State, and local candidates and parties to go before the people on the other very important issues which we must imperatively decide. This would relieve every candidate in America from the embarrassment of this question.

Lincoln said:

In a free government public opinion is everything. With it nothing can fail. Without it nothing can succeed.

Let us find out what that public opinion is in a legal and binding way. If the great mass of the people decide to retain the present amendment, well and good. Law enforcement can then proceed knowing that the public supports it. "The law is what the public will back up." If, however, it is found that they do not wish to retain the amendment, again well and good. If it is their will, Americans will bow to it. This Nation will cease to be when the will of the people ceases to be their law. There is something infinitely more precious than any law, and that is to preserve in full force the right of the people to make their law. That is American. A denial of that right is legal tyranny. I will not be a party to it.

It is not for me to decide whether Indiana shall be wet or dry. That is for Indiana to decide. She should be free to do so.

And, finally, let me say that I believe in temperance. I live it. I believe in the American home, the school, the church. I believe in America and the right of Americans to determine their destiny for themselves. [Applause.]

Mr. DOUGHTON. Mr. Chairman, there are several applicants for time, but they all want to speak to-morrow.

Mr. CRISP. Mr. Chairman, I want everybody to have full and free debate, but we can not put off debate for people to some future time. If there is no one ready for debate, I will ask for the bill to be read under the 5-minute rule.

Mr. HAWLEY. Mr. Chairman, I yield 20 minutes to the gentleman from Kentucky [Mr. FINLEY].

Mr. FINLEY. Mr. Chairman, Great Britain was the highest protectionist nation on earth for 500 years. It was transformed into a free-trade country by Richard Cobden in 1846. Cobden, of course, was a free trader and made war on the historic policy of his country.

His plan of campaign was worthy of a great strategist. Instead of attacking the system all along the line, he singled out one industry and attacked it. The other industries assisted to withdraw protection from that industry, possibly because they used the products of that industry in their own manufactures and desired to get them as cheaply as possible.

Cobden then singled out another industry and attacked it, and with the same result. Then another and another and another till the system was destroyed piecemeal.

Something of the same sort is going on in our own country to-day not by outspoken enemies of our protective policy but by its professed friends.

The historic American policy of protection to American industry and American labor can not be destroyed by free traders. It is too firmly intrenched in the thinking of Americans.

But it can be destroyed and is to-day being destroyed by a sectional application of it. And no surer method of destruction could be devised.

Richard Cobden demonstrated that in 1846.

If we are ever to recover prosperity, and if that prosperity is to be made general and not merely local, we need to adopt a tariff policy which will be equitable, and will consider the varying needs of all the sections of this Nation. If I might paraphrase the well-known utterance of a famous Kentuckian, I would say that, "This Nation can not exist half tariff and half free trade." One favored section of the land can not have its pet industries guarded against unfair foreign competition while another section is in sorest distress for lack of the same protection. Even the protected industries must ultimately suffer from the lack of protection to important elements in our industrial life, since the maintenance of our home markets is imperative if we are to have any continuous prosperity.

If we are to have some new Missouri compromise line running across the United States, dividing it into two sections, one of which shall have the advantage of whatever protection they may desire, while the other is forced to compete in a cutthroat market with the cheapest forms of foreign labor, then it is about time that this was made clear as the policy which the exploited sections may expect. Rather than permit such a policy to be continued, the sections which are now receiving the skim milk, while other sections get the cream, had better declare for a general policy of free trade, so that they themselves may enjoy the benefits of whatever low-priced commodities may enter the American market from foreign sources. If free trade is the proper policy for the products of my own State of Kentucky, then free trade is the proper policy for any other State in this Union. Kentuckians do not enjoy tightening their belts while they do without meals, while the well-fed beneficiaries of protection in other parts of the country oppose any protection for those industries in which Kentucky has a vital interest. If protection is right, Kentucky wants her share in protection; if a tariff is wrong for Kentucky, then my State can not understand why it is not equally wrong for States on the Atlantic seaboard.

The Republican Party as a whole is committed to the protection policy. There seem to be some reservations about this, however, in the minds of some representatives of States now enjoying protection. Maybe that is the reason why the application of the policy has been so inconsistent.

There are only two Republican Congressmen left in Kentucky. I am one of them. No one knows how many Republican Congressmen will be left there after another election or two, if the Republican Party is going to consider only a few favored States while the others are denied even crumbs that fall from the rich eastern tables. Kentucky is not the only State where the people are comparing Republican protection platforms with Republican protective performances and coming to the conclusion that one has to be "teacher's pet" to get consideration from those who theoretically are the champions and exponents of the protection policy.

Kentucky is tired of being a stepchild in the American family. We have industries which are as much entitled to protection as any other industries in the Nation. For instance, Kentucky has important petroleum deposits. In 1916 Kentucky crude oil averaged slightly more than $2 a barrel, reaching a peak in 1920 of $3.92 per barrel, while during 1929 the price averaged $1.70 per barrel. To-day it is worth whatever the producer is lucky enough to get, since cheap foreign oil has usurped the American market, not only to the detriment of the oil industry of Kentucky, but to the resulting unemployment of the Kentucky oil worker. Over 22,000 square miles of my State, or 56.3 per cent of our total area, are present prospective oil and gas land. Already approximately 261,000 acres, or 409 square miles, have been proved up by 26,848 drilled wells. This is only a small section of the potential oil and gas territory in my State. The rest of this territory not only might be, but would be, developed, to the enrichment of the Commonwealth and to the employment of thousands of idle Kentuckians, if those who profess an earnest belief in the protection of American industry and American labor were sufficiently consistent to support some measure which would make it worth while to operate the petroleum industry in Kentucky. We used to call petroleum "liquid gold," but Kentucky finds it is more liquid than gold. The commercial possibilities of this great natural resource in my State have been frustrated by lack of Federal legislation which would give to it the same protection which is given to more favored industries in more favored sections of the country.

Those of us who are interested in the development of our State are becoming very weary of hearing representatives of tariff-protected States tell us patronizingly:

> You mustn't have a tariff on your products, even though we do have a tariff on ours; because we want to patronize your foreign competitors even though it means starvation in the old Kentucky home. Meanwhile, we expect you, as Republicans, to support our own tariff measures while we oppose yours.

I understand that the proposed tariff asked by the American petroleum producer will not be seriously considered at the present session of Congress. I am also informed that the excise tax suggested by the Ways and Means Committee has been pared down from 4 cents per gallon on foreign gasoline and 2 cents per gallon on foreign crude oil to a flat 1 cent per gallon for each of these, despite the fact that any equitable tax levy would have rated gasoline at least several times higher than crude oil. While this is a practical victory for the eastern opponents of protection for the American petroleum industry, it seems hardly justified, in view of the pressing need of greater revenue for the Nation, which might have been obtained through a proper excise tax on these products now entering free from all duty. I suppose the Kentucky petroleum producer and the unemployed Kentucky oil worker will be expected to be thankful if 1 cent per gallon is cut off the already swollen profits of the foreign oil importer. If that tax had been 4 cents on gasoline and 2 cents on the crude, it would not even then have established an even competition for the American producer, since it would still give the importer of foreign oil an advantage of from 20 cents to 31 cents per barrel.

Kentucky is also interested in coal. This used to be an important industry in my State. I have here a table giving the production of coal in Kentucky, the number of employees, the average number of days worked per year, and the average value of Kentucky coal per ton at the mine for the years 1921 to 1930, inclusive:

Year	Tons produced	Number of employees	Average days worked	Average value per ton at mine
1921	31, 588, 270	50, 521	152	$2. 69
1922	42, 134, 175	60, 924	140	3. 02
1923	44, 777, 317	60, 811	152	2. 54
1924	45, 147, 204	55, 766	174	1. 88
1925	55, 068, 670	57, 024	206	1. 72
1926	69, 924, 462	60, 578	230	1. 74
1927	69, 123, 998	64, 747	237	1. 73
1928	61, 860, 379	62, 195	212	1. 56
1929	60, 462, 600	58, 649	222	1. 54
1930	51, 208, 995	56, 674	187	1. 49

This table shows that our production of coal dropped from nearly 70,000,000 tons in 1926 to 51,000,000 tons in 1930, while the number of employees dropped from 60,000, working an average of 230 days per year in 1926, to 56,000 working only 187 days per year in 1930, while the value of our coal fell from its former high price of $3.02 per ton at the mine to $1.49 in 1930. These figures are issued by the Bureau of Mines of the United States Government. When the figures for 1931 are issued they will show that this downward movement in production, in number of employees, in the average period worked and the value of our coal has continued and been accentuated.

The coal industry in Kentucky is prostrate. It is struggling to keep alive. It can not pay the wages it would like to pay to its workers, and compete with cheap fuel that is being dumped on the American market from abroad. Many mines have already closed down. The working time has been cut half in two as compared with the more prosperous years of 1926 and 1927. Many more mines will be closed down unless there is some relief from the terrific pressure of competition. This is another instance of Kentucky possessing important natural resources which, under the economic system now prevailing, and which is supported by the tariff-favored States, can not be developed. Men are practically starving with these vast treasures awaiting development. If it is right that we should protect the industries of other sections of the country, Kentucky can not understand why it is not right that her industries, upon which her prosperity depends and to which her people look for proper employment, can not have the same sort of protection.

"A house divided against itself can not stand." That is as true to-day as when Lincoln quoted it. If the tariff beneficiaries of the Nation are going to post a sign, "no Kentuckians need apply," when we seek the same sort of protection they enjoy, then Kentuckians may answer, "The evil you teach us we will execute; and it will go hard but we shall better the instruction." That is no threat. Threats are meaningless. I am merely pointing to a state of mind which I find among my own constituents and which, if election returns mean anything, is rapidly developing throughout portions of our country which were once Republican strongholds, but are not to-day. If the Republican Party believes in protection then let it practice what it preaches; and let it practice it in Kentucky as well as farther east. If it believes in free trade for Kentucky, then let it be consistent and believe in free trade farther east. Personally, I believe the free-trade policy would ruin the Nation if adopted, just as free trade in Kentucky products is ruining Kentucky. I do not want to see the rest of the Nation ruined, but I do want to see Kentucky given a fair chance at prosperity when it returns—if it can ever return under such a sectional application of the protective policy as grants some sections all the protection they ask, but denies equally deserving sections any protection at all. [Applause.]

Mr. MILLARD. Will the gentleman yield?

Mr. FINLEY. I will.

Mr. MILLARD. The gentleman stated that no nation can live half free trade and half protection. I would like to ask him if he thinks that a nation can survive half wet and half dry? [Laughter.]

Mr. FINLEY. This Nation is not going to be half wet; it is going to be all dry.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Chairman, ladies and gentlemen, it will not be my purpose to discuss the real merits of this bill except in so far as it will apply to an amendment which I later propose to offer. I know there are many in this House and all over the Nation who are interested in this amendment and in view of the fact that the Commitee on Ways and Means has stated, through its chairman, that it will further consider amendments to the bill, I invite attention to the tax imposed in this bill on canned tomatoes, fruits, and vegetables.

At the proper time, I propose to offer an amendment exempting from the terms and provisions of the manufacturer's sales tax canned fruits, berries, vegetables, and other farm products which will include beans, peas, spinach, peaches, apples, grapes, sweet potatoes, corn, pumpkins, and all other kinds of farm products.

To exempt these canned goods and include the higher-priced preserves, fruits, and berries, would only subtract eighteen millions from this bill; if you do not include the higher-priced preserves, fruits, and berries, such as proposed in my amendment, it would be deducting less than ten million.

Canned goods are the poor man's smokehouse. Those who live in the cities realize it more than those who live in the country. There are over 185,000 farmers engaged in growing tomatoes and small farm products. Practically all of the small canning factories are either controlled by or are entirely dependent upon the farmers and thus the canners and farmers' interests are equal. There are 2,200 tomato canneries in the United States; they are mostly small individual units and dependent upon the owners of small tracts of land to furnish them the fruits and farm products which they can. These canneries keep up the communities in which they are located. Formerly they could pay $20 per ton for tomatoes; last year all over the country they could only pay from $10 to $12 per ton. Many of these small canneries have gone into bankruptcy, although I have 125 in my district that have survived. Not having the element of a banking institution or a credit association they are unable to borrow under the Reconstruction Finance Corporation, except through their local banks, and in many communities the local banks have failed.

These canneries require financing until they can sell their products in the following fall or winter, and the placing of a greater tax and burden upon them will amount to forcing them into bankruptcy. They are now getting less than the cost of production and selling 10-ounce cans of canned tomatoes for 60 cents per dozen. They will not be able to pass the tax on to the consumer because of the small amount involved, but when it is figured up at the end of the season it will amount to a large sum of money. It is contemplated with even this exemption that the tax on tin cans will be passed on to the canner. The large amount of money required in these canning industries is invested in tin cans. They buy them by the carload upon carload. These tin cans are manufactured by industries that have a monopoly and they place a price upon these cans to suit themselves. When these manufacturers of tin cans pay their tax they will pass it directly on to the canners.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FULLER. Yes.

Mr. McCORMACK. As I understand it, that can will not be taxed, but it will be taxed when the product is finished as it will be passed on to the ultimate consumer.

Mr. FULLER. I fear the gentleman is mistaken. It can not help being taxed under this bill when it leaves the factory where tin cans are made, but if not then taxed it will be taxed by and paid by the canner when he sells the finished product.

Mr. McCORMACK. That is the time when the tax should be imposed.

Mr. FULLER. Under this proposed bill it is intended that a manufacturer that does not sell more than $20,000 worth of manufactured articles per year shall be exempt; but if he sells $21,000 or $25,000 worth of articles in a year, then he would have to pay on the entire amount and receive no exemption.

In section 602, page 229, "farm or garden products" are exempt from the tax.

Fruits and vegetables and the other articles contained in my proposed amendment are farm products. They are the smaller class of farm products; they are often produced by the man who is broken down in health with a family upon whom he is dependent for assistance and can make a living upon a few acres. He is not a real farmer, being more of a gardener or truckster, and as a poor man he ought to receive a benefit and not be taxed under the terms and provisions of this bill. When the products that he produces, which are generally later canned, are exempted he is not the only one that receives a benefit, but this benefit is reaped by the unemployed, especially the poor who live in the cities and live mostly out of tin cans. When we think of 8,000,000 men out of employment to-day, which represents 40,000,000 people, we think of a class of people who live principally upon farm products which have been canned, and which should be exempt from taxation. When you see poor men who are making small wages and keeping their families by the sweat of their brow, you find men and their families who are living principally upon these canned goods, canned fruit, and other products of the small canner, the small farmer, and horticulturist.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. FULLER. Yes.

Mr. HOPE. I am in sympathy with the gentleman's position, but does he not think we ought to go farther and exempt all farm products, including meats, as well as canned goods?

Mr. FULLER. I had not thought of that, but I think the gentleman is correct. The bill provides that certain meats, fish, ham, bacon, and shoulders shall be exempt provided they are not cooked or canned.

Cove oysters are taxed under the provisions of the bill, and they are canned and sold generally all over this country to the poorer class of people. They ought to be exempt.

In other words it is the spirit and intention of this bill, whether we like it or not, whether we are for it or against it, not to tax the man who can not afford to pay the tax. If this is the real intention of the bill we ought not to pass the tax on to the poorest class of people in the Nation, that class of people living principally on canned goods.

These canning industries that I refer to are practically in their infancy. They have had the worst experience of any of our industries to survive this panic; they need protection. Regardless of how we stand as Democrats or Republicans, whether we are for a high tariff or a low tariff or no tariff at all, it has been the history of each of the major parties of this country to always throw its arm of protection around infant industries. Here and there you will find a big industry which has much money invested but it is mostly engaged in the canning of preserves and higher-priced goods, they will not be reached in my amendment. But nine-tenths of the canning in the United States of farm products is done by the little fellow who lives by the side of the road and who depends upon the farm products for canning purposes produced by the widow and her children, and the man who is possibly sick and not able to make a living but dependent more or less upon the rest of the family. In many instances farmers depend on these industries to furnish them tax money and living expenses.

It is this class of people that is engaged in gardening and raising fruits and berries to keep up the small canneries. These producers are not like the real farmer who is able to make his living by the sweat of his brow. If you pass this bill without exempting canned fruits, vegetables, and farm products you will ruin these small industries.

The reason I asked the gentleman from Oregon [Mr. HAWLEY] questions in regard to the exemption for tomato canneries was because I knew that he had shown sympathy and feeling for these industries. Two years ago when the Hawley tariff bill was under consideration, I made a thorough study and presented a brief to his committee on the necessity of a higher tariff on canned tomatoes for the protection of these infant industries, and he and his committee gave me and this report most courteous consideration and as a result placed a higher tariff upon canned tomatoes.

I trust that he and others who are interested in these small industries will give this matter serious thought and consideration and assist in the adoption of the amendment which I will offer.

In this same connection I invite the attention of the Members of this House who represent the larger cities and densely populated centers where there are so many poor people and so many out of employment, to join hands with us who are interested in this amendment in order that these poor people will not be required to have passed on to them a tax upon the very necessities of life.

If this or a similar amendment is not adopted and this proposed measure becomes a law, it will not only ruin the small canneries but it will amount to placing a tax upon over 40,000,000 of poor people living in the cities and towns. To exact such a tax would be an outrage and shame and I believe that the membership of this House will not approve of such a course. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Chairman, I sympathize fully with the remarks made by my distinguished colleague from Arkansas [Mr. FULLER], and at the proper time, when the bill is being read, unless some other Member offers an amendment to the same effect, I shall offer an amendment to eliminate canned foods from the operation of this bill and will attempt at that time to defend the amendment.

Here and now I want to discuss the sales tax as a general proposition. A great many hundred years ago in England when William the Conqueror came, the lands of England were parceled out to the barons for services rendered to the Crown. In consideration of the use and occupation of those lands the barons were required to furnish for the King's army so many men, for the King's treasury so much money, and were required to render various personal services. After a while the barons got their heads together and decided it was foolish for them to sustain the burdens of taxation justified because of the use they had of these lands and devised a scheme whereby the burdens legitimately upon them because of the great benefits they received from the Government could be transferred to the mass of the people who were not receiving favors. That is where the customhouse originated among Anglo-Saxon peoples. That is where the tariff, as we understand it, originated, an attempt and a successful attempt on the part of those who were receiving the chief benefits of government, to transfer their legitimate burdens to those who were not receiving those benefits.

That system began in this country in a mild way and it has grown and grown until the time has come when, like the old man of the sea, we can not get rid of it without disturbing our economic status. The only possible way we can get rid of the tariff would be by a gradual process. It has been the thing which in this country has caused more unrest, more misery, more political corruption, more of the things which undertake to disturb the human mind than any other political factor.

Now, the question arises, do we want to add to that unnatural and abnormal thing something else which will be of the same kind? One of the distinguished speakers this morning made the remark that this sales tax had been exceedingly successful in Australia, and one of the reasons he gave was that the people would pay it without knowing they were paying it. In other words, you could pluck the goose without making it cry. So in a time when there is no possible public necessity, in a time of temporary depression, this sales tax is attempted to be injected into our system. If it is ever put in, it will never go out. If it were brought to me as an emergency measure, even though I did not agree with it, I would say, "All right. If it is an emergency measure, let us go along with it." But in my judgment the economic factor which has inserted into this bill the sales tax is not the belief in the necessity for this particular tax at this particular time, but the purpose to inject a consumption tax system into our fiscal policy and keep it there. It will always be said, "It is the easiest tax you can collect, because the people pay it and do not know they are paying it."

Mr. Chairman, we have in this country greater possibilities of production than are needed by our people. We can produce more than all our people can use. We can produce enough to allow our entire population to live not only in comfort but in luxury. We can have a condition where poverty would be unknown and where every child would have the benefits of benign education and benign training, and yet in this country, with all that power of production, we constantly have 90 per cent of our people wondering whether or not they will be confronted with a dependent old age.

This sales tax is just one other thing to make the rich richer and the poor poorer. I do not speak for any class. I never have spoken for any class. I do not speak for the debtor class or the creditor class. I speak for all the people of America, and this tax can not possibly do anything but increase the already unbearable burdens upon the great masses of the people.

Mr. McGUGIN. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. McGUGIN. If I followed the gentleman's argument correctly, I understood him to say he is not in favor of the proposition of making one class of people pay all the taxes; that he goes a step farther and says he is not in favor of a sales tax and also that he is not in favor of a tax on gasoline. Will the gentleman state just what he thinks would be a fair tax to raise revenue?

Mr. GOLDSBOROUGH. If the gentleman had followed my discussion with the same earnestness with which I have endeavored to speak, I think he would fully understand exactly what my argument is.

Now, the argument is made that we can not raise this money in any other way. At the close of the war we owed more than twice as many bonds as we would owe if we issued sufficient bonds to take care of the same amount that this sales tax would take care of. With the additional income tax provision, as soon as normal times are resumed—which can not be more than from nine months to a year off—our income taxes will increase sufficiently not only to pay the interest on our obligations but to pay within a period of one year the $600,000,00 worth of bonds that we would have to issue at this time.

Mr. McCORMACK. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. McCORMACK. Then the gentleman does not believe we should attempt at this time to balance the Budget for the fiscal year 1933? Is that correct?

Mr. GOLDSBOROUGH. It is absolutely unnecessary. Now, then, my friend on my left asked me what sort of taxes I believe in. I believe everybody ought to pay his just part of the cost of government. How are the taxes now being distributed? I want to say to you that the farmers of this country at this time are paying taxes greater than the net production from their farms. You ask me who are paying the taxes? I am telling you again that the farmers of this country now are paying more taxes than the net production of their farms.

There never has been a tax as fair as the income tax. I can conceive of a better tax, but this is not the time to discuss it. However, that is the most just tax that was ever imposed, the income tax, and that will adequately, together with our other revenues, provide for every possible necessity. And mark what I tell you. I do not believe it is in the minds of the individual members of the Ways and Means Committee at all, but back of this whole sales-tax plan is an economic influence which this Congress has thwarted time and time again, a determination to get a consumption tax into our fiscal system, which if ever inserted will never be taken out.

I can not support such a tax. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Georgia [Mr. TARVER]. [Applause.]

Mr. BACHMANN. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] Ninety-one Members are present, not a quorum.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 23]

Abernethy	Chapman	Cullen	Gilbert
Andrews, N. Y.	Clague	Curry	Golder
Arentz	Clancy	Dieterich	Greenwood
Baldrige	Cochran, Pa.	Dominick	Gregory
Beers	Collier	Douglas, Ariz.	Griffin
Bloom	Connery	Douglass, Mass.	Haugen
Briggs	Cooke	Drane	Houston
Brumm	Cooper, Ohio	Eaton, N. J.	Hull, Morton D.
Buckbee	Corning	Estep	Igoe
Burch	Crail	Fishburne	James
Carden	Crisp	Flannagan	Johnson, S. Dak.
Carley	Crowe	Frear	Kahn
Cary	Crump	Freeman	Kendall
Cavicchia	Culkin	Gasque	Kennedy

Kurtz	Pittenger	Schuetz	Underwood
Lambeth	Pou	Smith, Va.	Vinson, Ky.
Larsen	Pratt, Harcourt J.	Snell	Wason
Lindsay	Pratt, Ruth	Spence	Watson
McDuffie	Purnell	Stevenson	Weeks
Magrady	Reid, Ill.	Stokes	West
May	Rogers, N. H.	Strong, Pa.	Wolfenden
Parker, N. Y.	Romjue	Sullivan, N. Y.	Wyant
Parks	Rudd	Sullivan, Pa.	Yates
Perkins	Sabath	Tierney	
Person	Sanders, Tex.	Tucker	
Pettengill	Sandlin	Underhill	

The committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes; and finding itself without a quorum, he had directed the Clerk to call the roll, when 331 Members answered to their names, a quorum, and he presented the list of absent Members to be recorded in the Journal.

The SPEAKER. The list of absentees will be spread upon the Journal and the committee will resume its sitting.

Mr. TARVER. Mr. Chairman, when in times like these a proposal is made to raise over a billion dollars in additional taxes from the people, the mere suggestion is sufficient to require a careful and conscientious approach to the question, and a thoughtful consideration of all the issues involved.

There are three questions which a Member of this House must be able to answer in the affirmative before he can in good faith vote for this bill.

First, is additional taxation so necessary that it can, in no safe way, be avoided?

Second, is it in this sense necessary to the extent and in the amounts levied in this bill?

Third, does the bill propose a fair basis for the raising of additional revenues?

It has been impossible for me to feel that I can conscientiously by my vote answer "yes" to all of these questions. I have no quarrel with those who entertain a contrary view. I concede to them credit for the same honesty of purpose that I claim for myself. I have no sympathy, however, with arguments based upon an appeal to party loyalty. This is not a Democratic measure. No authority of the Democratic Party, no party convention, not even the "policy committee" of the Democrats in Congress, much less the Democratic caucus, has ever placed, either upon it or upon the main principle involved in it, the stamp of its approval. So far as its sales-tax feature is concerned, the last expression of the Democratic Party on that subject is contained in the party platform of 1924, and is one of unqualified disapproval of any such method of taxation. There is, therefore, no question of party loyalty involved, unless it be recognized that the Democratic Party throughout its history has opposed this character of taxation, at least so far as the sales tax is concerned, and the question should arise as to whether a Member may claim party regularity and still oppose the announced principle for which his party has stood.

But I do not raise that question. I know, as does everyone else in this body, that a national emergency exists, which must be met firmly, fairly, and without evasion, and that the correct solution of existing problems rises a duty high above considerations of politics, and requires the highest type of patriotism. If there was ever a time when demagoguery might be condoned, this is not the time. But I want to stop right there to say that the definition of demagoguery which appears in Webster's Dictionary has been changed by some authorities in this country. In the minds of some people, when a man in Congress undertakes to represent all of the people, including the great masses who bear the burdens of the Nation in large part, both in peace and war, he is a demagogue. If he speaks in the interest of the common man, he is a demagogue. If he takes the side of the privileged classes, and works to promote their welfare without regard to the millions of the common people and their rights, he is, in their judgment, a statesman. I may never be called a statesman by anybody. I do not pretend to possess the qualifications for one; but to receive an encomium of that character from the Andrew Mellons, the Ogden Millses, the representatives of privilege who, for many years, have pillaged in this country the many for the benefit of the few—that would be an opprobrium which I could hardly bear. Better to be a demagogue in the interests of the common man than a statesman in the interests of a privileged few. [Applause.]

I shall not adopt as my slogan, "Soak the rich." I believe in extending the protection of the laws to wealth honestly acquired. Neither shall I participate in a movement which, whether intended for that purpose or not, will, if successful, "Soak the poor." This proposed sales tax is a tax on poverty. Admit, as its proponents have urged, that the wealthy will bear a far larger proportion of it than the poor. Taken individually, man for man, that is true. Taken collectively, class for class, it is not true. But the average man, again stating it as individual for individual, will pay out in this tax to the Government a far greater portion of his income than the wealthy man. In most cases, in times like these, he will have to spend it all, and in the cases of uncounted millions of our fellow citizens, if they spend it all it will still fall far short of providing the reasonable necessities of life. And yet, even from these millions, this cruel tax would take a slice of their meager earnings; take it in the added price of every pair of overalls that they buy, in every pair of shoes for themselves or their children, in every farming implement, and in countless other ways. "Soak the poor!" You can not reach them under the income tax, because when you reduce the exemption for a married man to $2,500, you have still shot far over the heads of the overwhelming majority of American householders. You must lower the muzzles of your guns. You do not dare do it by providing that a man who perhaps makes only a dollar or two a day, and is then out of work half the time, or a farmer whose yearly net income in these troublous times of Republican prosperity will not average so much, shall pay an income tax.

That would be too bald, too obviously outrageous, too patently unjust. But it would be better for him if you did that, because the part of his income that you would take under the present minimum income-tax rates would be less than you are going to take from him under this bill. The average American farmer, for example, is going to have to spend all he makes. He will have to, to keep going. Except for his fertilizer, you are proposing to tax him 2¼ per cent on all of it. You exempt his products from taxation, but how does that help him? He sells his products; he does not buy them. Nor will the 2¼ per cent be all. The manufacturer, when he sells to the jobber, and has to pay 2¼ per cent, will add on at least that much; and the jobber, when he sells to the wholesaler, while he pays no additional tax himself, will nevertheless fix a price which will give him an additional profit on the additional money he has invested; and so will the wholesaler; and the retailer will add some more; and it is not unreasonable to assume that by the time the tax reaches the consumer, and he has to pay it, it will be nearer 10 per cent than 2¼ per cent. Would you vote for a bill that would levy an income tax of 10 per cent on the income of every man in the United States who has to pay out all he makes to live? If you would not, then, in pity's name, do not put the stamp of your approval on this sales-tax proposition.

The average man pays now out of his limited income far more than his proportion of the expenses of government. Have our Democratic orators not called attention to that fact and lambasted the Hawley-Smoot tariff bill from 10,000 platforms as an iniquitous thing, which collects from the consumer indirectly a tax which Congress would not dare levy upon him directly, which robs the many for the benefit of the few, and which, more than any other one thing, is responsible for the plight of the American people to-day?

Mr. McGUGIN. Will the gentleman yield?

Mr. TARVER. Not until I have finished this statement.

From the bottom of my heart I feel that all that has been said by them along these lines is justified; and yet, after the campaign of 1930, in which the Hawley-Smoot tariff bill was the outstanding issue, I find myself facing a proposition coming from a committee on which there sat 15 Democrats and 10 Republicans—proposing what? Let me read it to you:

SEC. 601. (b) In addition to any other tax or duty imposed by law there shall be imposed a tax of 2¼ per cent ad valorem (except as provided in subsection (d)) on every article imported into the United States.

With, of course, certain limited exceptions.

Proposing an increase in practically every single rate in the Hawley-Smoot tariff bill of 2¼ per cent. And not only that, but proposing 2¼ per cent on all those articles now on the free list. We are asked to out-Herod Herod; instead of redeeming our pledges to lower the tariff, which, of course, in view of Republican control of both the Senate and the Presidency, we do not have the power to do, to add materially to the burden of its iniquity. I know it is said that this additional import duty is necessary in order to protect American manufacturers; that is the very thing the Republicans claim the Hawley-Smoot tariff is necessary for. If we passed the bill and did not provide for the levy of this tax on imports the effect would be to reduce all the rates in the Hawley-Smoot tariff by the amount of the sales tax levied. Are there many Democratic Members of this House who would hold such a reduction unreasonable? If not, and if we pass a sales tax, why not accomplish some reduction in the Hawley-Smoot tariff bill rates by failing to levy the sales tax on imports? This is the first and only opportunity that this Congress will have to even propose a reduction in the rates of that iniquitous bill; and instead of proposing a reduction, an increase—at least a technical increase—is actually proposed.

I now yield to the gentleman who sought to interrupt me a few moments ago.

Mr. McGUGIN. I wanted to ask the gentleman a question at the time he made the statement that all the Democratic orators and the press had denounced the Hawley-Smoot tariff bill——

Mr. TARVER. The gentleman quotes me incorrectly. I said that Democratic orators from 10,000 platforms had done so. I did not say all of them had done so, although an overwhelming majority of them have.

Mr. McGUGIN. I wanted to ask the gentleman if he can give us any information as to whether the Democratic majority in the House is going to reduce any of the schedules of that bill, and I take it from the remarks the gentleman has since made that they do not intend to do that.

Mr. TARVER. Of course, I have covered that question in what I have said. This is the only opportunity the Democratic majority in this House has to effect any decrease in the existing rates of the Hawley-Smoot tariff bill. If we impose the sales tax and fail to impose the tax of 2¼ per cent proposed in this bill on imports into this country, we would thereby be effecting a general reduction in those iniquitous rates, but instead of attempting to do that the Democratic members of the Ways and Means Committee, or at least a portion of them, aided by some, if not all, of their Republican colleagues on that committee, are actually proposing in this bill a horizontal increase of 2¼ per cent on all the rates of the Hawley-Smoot tariff law.

Mr. McGUGIN. Will the gentleman advise us since when the refusal to add something to something is tantamount to taking something away from something?

Mr. TARVER. Oh, I have read to the gentleman the excerpt from this bill which provides for an addition of something to something, and the gentleman's question therefore has no basis in fact. [Applause.]

Not even in the great emergency of the World War, with the tremendous necessities for raising money then existing, was a general sales tax imposed. Democrats held the reins of government then and, in conformity with settled Democratic policy, they placed the burdens of taxation equitably upon the people in proportion to their ability to bear them. Of the incomes over $100,000 they took of the surplus above that figure, I think, 65 per cent. Was it unreasonable? How much easier it is for a man with an income of over $100,000 per year to have 65 per cent of the surplus taken by his Government in time of emergency than for the man who is struggling along on one, two, or three dollars a day—and not getting that all the time—to have 10 per cent of his earnings taken away from his wife and children. Why not go back to the war-time income-tax rates? I know proponents of this measure say that even with these rates the revenue would not be sufficient. Sufficient for what? Sufficient to pay extravagant appropriations which this Congress could whittle down in many ways that it realizes exists, but has not so far undertaken? Sufficient to balance the Budget within the short period of one fiscal year? No; undoubtedly no. Even the war-time rates on incomes would not suffice for that purpose. But before answering the question as to whether such rates, with special excise taxes which might reasonably be levied, would be sufficient, we should consider first how much reduction we might reasonably effect in Government appropriations beyond any contemplated in pending appropriation bills; and whether or not there devolves upon us the duty of wringing out of the American people in this time of stress enough money in one year to take care of all the extravagances in appropriations which have been built up under many years of Republican misrule.

May I mention one item only in which we could bring about a tremendous saving—that of reduction of salaries, including those of the highest officials in the Government, down through United States Senators, Members of Congress, generals in the Army, active and retired, admirals in the Navy, and on down to employees drawing a reasonable minimum salary. There has been much discussion of such a reduction. I have waited in vain for an opportunity to vote for it. Last fall I took up with the Director of the Budget the question of how great a saving could be effected in this manner. I ask unanimous consent to print two letters from him regarding it in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The letters referred to follow:

BUREAU OF THE BUDGET,
Washington, October 23, 1931.

MY DEAR MR. TARVER: On October 3 you wrote me asking if without a great deal of research I could give you a general estimate of the savings which would result from a 20 per cent reduction in all salaries paid by the Federal Government to persons receiving more than $1,800 per year.

The total amounts, by rates of compensation, paid to the personnel in the executive civil service, except the departmental service which is classified under the classification act of 1923, as amended, have not been compiled and some time has been required to gather the material for making a fair estimate thereon, which has occasioned the delay in answering your letter.

Since the data on expenditures for the fiscal year 1931 will not be completed until the Budget for the fiscal year 1933 is presented to Congress about December 7, I am using the estimated amount of the actual expenditures for the fiscal year 1930. Taking this as a basis, I believe that $1,494,337,000 is a fair estimate of the total amount paid during the fiscal year ended June 30, 1930, as salaries or compensation to the civilian personnel included in the legislative, executive, and judicial services of the Federal Government and to the active and retired officers and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Public Health Service, and Coast and Geodetic Survey.

Using $2,000 as the dividing line, which is the commencement of a specific salary grade under the classification act, and which is overlapped by but one lower grade, it is estimated that the salary or compensation paid to those receiving $2,000 or more per annum is $690,364,000, leaving $803,973,000 as the estimated amount paid to those receiving less than $2,000 per annum. Using these figures, a reduction in appropriations of approximately $138,072,800 would have resulted from a 20 per cent cut in the salaries or compensation of all persons on the Federal pay roll who received $2,000 or more per annum.

I have not attempted to use $1,800 per annum as a dividing line for the reason that it is a rate in the classification act which appears in three separate overlapping grades.

Sincerely yours,

J. CLAWSON ROOP, *Director.*

Hon. M. C. TARVER,
Representative in Congress, Dalton, Ga.

BUREAU OF THE BUDGET,
Washington, January 30, 1932.

MY DEAR MR. TARVER: On October 3, 1931, you requested information as to what reduction would be accomplished in appropriations by a 20 per cent slice in the salaries of all Federal office holders and job holders, salaries of $150 per month or lower not to be affected.

In my reply of October 23 you were given a rough estimate of this figure. Since that time the demand has been so great for information of this sort that a compilation has been made from the latest available information furnished by the departments and establishments of the number and cost of salaries of civilian employees in the executive branch of the Government, and of the military personnel. The total amount paid to all Federal employees, except the legislative establishment and judges of courts, at compensation of $1,800 per annum or more, is $891,939,157.04. Twenty per cent of this amount would be $178,387,831.40.

Sincerely yours,

J. CLAWSON ROOP, *Director*.

Hon. M. C. TARVER,
House of Representatives, Washington, D. C.

Mr. TARVER. These letters show that by a salary reduction of 20 per cent, from the highest down to a minimum of $1,800, a saving of $178,000,000 and more could be effected.

Not enough of itself to balance the Budget, but a very substantial economy. Is it justified? Is it fair to tax the millions of people who are to-day flat on their backs in an economic way for an additional billion dollars a year and not decrease the salaries of highly paid officials? Under present conditions a salary of $3,200 is certainly the equal of one of $4,000 three years ago. It will buy more of the necessities of life. We are therefore paying officials more really in this time of distress than we paid them when the Nation was prosperous. Of course, I am familiar with the arguments that are used against all proposals to reduce salaries—arguments about maintaining the "American standard of living"; about not setting a bad example for industry, when industry has already decreased the salaries and wages of its employees; and other arguments of the same character. But I have wondered whether, in making these arguments, there was anywhere in the back of any Congressman's head, not the belief that justice to the average Federal employee required his attitude but a feeling that such arguments were more plausible than if he should simply say, "I don't want to vote to reduce anybody else's salary, because if I did I know I would have to vote to reduce my own"? Just how much of this concern for the Federal employee is real and how much is simulated?

I have publicly announced in my district my purpose to vote, if I have the opportunity, for reasonable salary reductions, provided they are made without discrimination, applicable to all officeholders and employees of the Government, down to a reasonable minimum salary. I do not know whether I will have the opportunity to do so or not. Bills introduced with that end in view have been tabled in committee. Amendments carrying such provisions are not in order in the House in the consideration of appropriation bills unless made so by special rule, which the Rules Committee has not so far reported. But I urge you, my fellow Members, before you vote for this extraordinary and oppressive sales tax, before you place added burdens either on the poor or upon our already overburdened industries, to not only raise income taxes to war-time figures but to show that you are in good faith by reasonable reductions in the salary expenditures of our Government, including those salaries that you yourselves receive.

I spoke of the burden of this tax to industry. All over the country to-day we have industries that are carrying on at a loss, at least part time, because of the necessity of keeping their employee personnel together, and because of the obligation they feel to at least furnish their employees with enough work to enable them to live. I want to include in the RECORD a letter from a prominent manufacturer of my home city, whose situation, I am sure, is paralleled in every section of our country by countless other industries.

The letter is very short. In this letter he states that last year this industry operated at a loss of $300,000 merely in order to discharge its duty to its employees, and that if this sales tax is put on by the Congress an additional burden of approximately $40,000, with a 2 per cent tax, or $45,000, with a 2¼ per cent tax, will be laid upon his industry.

I ask unanimous consent to insert this letter in the RECORD, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The letter referred to follows:

I imagine that our own case is typical of many manufacturing plants to-day. Our operations, because of market conditions, are at a loss. We continue for the benefit of our employees.

Our annual sales even at present low prices should be about $2,000,000. The proposed tax of 2 per cent would amount to $40,000. The effect of this would be to put an added penalty of $40,000 on our operations, which we quite sincerely believe are now continuing for the benefit of our labor.

We do not know anything more definitely tending toward an increase in the unemployment situation than this proposed tax.

Mr. TARVER. Your sales tax will close many of these industries down, adding other millions to the more than 8,000,000 unemployed in this country. Will you place upon them a burden which, while it might be borne by itself alone, yet, when added to the burdens they already have, will in many instances be the straw that breaks the camel's back? How will such indiscriminate and destructive taxation tend to restore prosperity, even if it succeeds in balancing the Budget, which I doubt? When you put this clamp on production, factories that to-day are operating at a loss will stop in many instances, and so far as taxes from them are concerned—corporation income taxes, sales taxes, or any other—you will have killed the goose that lays the golden eggs.

Why all this clamor to balance the Budget for 1933? For 1931 and 1932 the Republicans did not balance it, but allowed in 1931 a deficit of $900,000,000 to "ride" by issuing short-term securities, and this year propose to do the same thing, with a deficit which, it is estimated, will be $2,100,000,000. Why, as soon as the Democrats secure a small majority in one House of Congress, is it immediately necessary to balance the Budget? Should the Democrats acquire control of all branches of the Government in the next election, it will be their duty to reduce governmental expenditures to a level where they can be discharged by reasonable taxation; but why should they now, having control of only the House, undertake at one fell swoop to remedy evils which have accumulated under many years of Republican misrule? It will be remembered that, during their long tenure in power since the World War, the Republicans have wrested from the people more in taxes than was needed for even their extravagant program of expenditure, and yearly applied huge sums to the retirement of the national debt beyond our commitments for that purpose, contrary to the viewpoint of many able Democrats, who held that the collection of taxes from the people not needed to discharge our obligations as they fell due was not justifiable. But it was done; and, with the excess taxes, we proceeded $3,500,000,000—or approximately that amount—beyond our commitments in the retirement of the public debt.

This $3,500,000,000 came from the people in their time of prosperity. Why not let it go back to them now, by issuing securities of the Government to cover pending deficits, and allowing the public debt to assume the proportions it would have had except for the $3,500,000,000 overpayments made through excess taxes? It was a wise Joseph who advised the Egyptians to save during seven fat years; but to what purpose did they save? In order to use the savings for the seven lean years. Our fat years have passed; our lean years are upon us. Shall we give to the people of the corn and wine which they overpaid their creditors in time of plenty, or shall we add to their burdens, and, to use another Biblical injunction, require them to make brick without straw; to pay far more in their time of distress than in their time of prosperity?

There are other provisions of this bill than those providing a sales tax with which I disagree. It is unnecessary to discuss them.

The inclusion of the sales tax makes it so utterly obnoxious to me that I could not support it, whatever else it has in it. I feel that in what I have said I have answered, from my viewpoint, the three questions I asked in the beginning. I regretfully dissent from the viewpoint of my colleagues who are supporting the sales tax, and believe that such additions in revenue as are necessary may properly be obtained in other and more just ways, some of which I have discussed. While I am pained that I am in disagreement with some of the leaders of my party, I know that I am in accord with the principles of the Democratic Party as declared in the past, and sincerely believe that I am in accord with those which shall guide it in the future. Upon that foundation, I am content to stand. If there are those who disagree with me about the stand that Democracy will take in future platform declarations, as they can not disagree with me about the stand it has taken in the past, I challenge them to lay aside this sales-tax proposal until after the Chicago convention; enact, if you please, the remainder of your bill, and after recessing Congress beyond the dates of the conventions, come back here and obey the dictates of your party platform then adopted. If your viewpoint represents the wishes of organized Democracy in this matter, well and good. Those of us who disagree with you on this economic question would, I am sure, obey the mandates of the party. And so, I am sure, would you, if the convention should find against your stand. But a small part of the sum you intend to raise would be lost to the Public Treasury; and a session recessed until after the conventions would merely inconvenience us, and not the country. [Applause.]

Mr. CRISP. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia, Mr. Cox.

Mr. COX. Mr. Chairman, I see no reason for making a party issue of this measure. We are all party men, but this does not mean that we are any the less earnest in our endeavor to serve the best interests of the country. Both the Democratic and Republican Parties carry the flag, and both are loyal to the Republic. We will come nearer reaching a right conclusion on this bill if we maintain an attitude of tolerance for all differences of opinion and refrain from questioning the motives of one another.

The bill before us does not reflect the views of any individual. It is the result of compromise between those holding conflicting opinions; and since it comes with the favorable recommendation of a great committee of this House who had it under consideration for more than two months, it is entitled to careful examination and should not be condemned in its entirety before its many provisions have been tested in debate.

To appreciate the viewpoint of the committee recommending the bill we must first take account of the problems with which the committee was confronted. There have been tremendous deficits in the Treasury in the years 1931 and 1932 and another large deficit forecasted for 1933. The deficits for 1931 and 1932 have been taken care of by adding them to the bonded debt of the Government. To take care of 1933 the committee considered that this would have to be provided for by taxation, and I am wondering if there are those who think we can keep on increasing the public debt without impairing the credit of the Government. With the credit of the Government destroyed, the security of all business would go, and if this should happen we would be thrown into a chaotic condition from which it would take generations to extricate ourselves.

I might continue this line of reasoning, but why the necessity? Are we not all agreed upon the desirability, if not the imperative necessity, of balancing the Budget? If this be true, then that which concerns us most is how can the Budget be balanced without imposing unjustifiable burdens upon the people.

The bill has been denounced as one intended to soak the poor. This calls in question the patriotism and high purposes of a group of our colleagues, members of the Ways and Means Committee, that are outstanding men in this body, all of whom we are proud to honor and whose love of country and loyalty to duty not one of us would think of questioning.

But is the bill fairly subject to the criticism that it soaks the poor and spares the rich? Taken as a whole, does it not breathe a deep concern and anxiety for the poor? To begin with, having reference to the first section of the measure, no tax is required upon the net incomes of a single person not in excess of a thousand dollars. A married person has an exemption of $2,500 and $400 additional for each dependent child.

Considering the needs of the Government, are not these exemptions high enough? The tax recommended is applied on a sliding scale. It starts off at a low rate and by the time incomes reach a hundred thousand dollars a rate of 46 per cent goes into effect. In other words, if one has a net income of $100,000 he pays according to the sliding scale set forth in the bill, but if he has a net income of an additional hundred thousand dollars, of this amount he pays to the Government a tax of $46,000. In addition to this, he is subjected to all the other taxes levied by the bill. Is this sparing the rich and soaking the poor?

Under this section of the bill the poor pay nothing. Those having a taxable income pay all, and this is as it should be because it recognizes the principle of taxing those best able to pay.

It is the sales tax section of the bill to which most criticism is directed. Nobody, seemingly, wants a sales tax, but the committee has recommended it as the fairest and best way of raising the needed revenue. I do not like it, and will vote for all amendments intended to eliminate its most burdensome features. If some Member with prior right of recognition does not offer an amendment to add to the exemption list all foods, clothing, hats, shoes, or all wearing apparel of every kind, farm implements, workmen's tools, bags, crates for packing and shipping fruits and vegetables, and such other things as may be regarded as necessities of life, I will offer such amendments.

I am not for a sales tax, and am not defending the sales tax provision of the bill, but I want to be honest with the country and state my candid opinion of the proposed legislation. If any form of the sales tax is to be applied—and how are we to escape this being done?—it would be better to put it on the manufacturer rather than the retailer.

I know the answer is that it will be passed on to the consumer—but are not all taxes except gift and inheritance taxes passed on to the consumer? The purpose of putting the tax on the manufacturer was that part of it would be absorbed by the manufacturer, and for the additional reason that collection would be made more certain and the expense of administering the law much less. Putting the tax on the manufacturer will make it less of a nuisance to the public.

But, Mr. Chairman, I did not take the floor at this time to say any of these things. My purpose was to express confidence in the Ways and Means Committee and to discuss very briefly one provision of the bill about which there seems to be some misunderstanding, and that provision is subsection (b) of section 601.

This section provides that in addition to all other taxes or duty imposed by law, there shall be imposed a tax of 2¼ per cent ad valorem, except as provided in subsection D, on every article imported into the United States, unless the consignee is a licensed manufacturer and the article is an article for further manufacture, or unless the consignee is a registered dealer and the article is one for further manufacture to be resold to a licensed manufacturer, or the article is imported by a State or political subdivision thereof for use by the State or such political subdivision, or that the article is upon the exemption list set out in other parts of the bill.

The evident purpose of this provision is to protect the domestic producer and manufacturer. It simply maintains existing competition between manufacturers in the United States and those abroad. Except for this provision foreign-finished articles might be and doubtless would be imported entirely free of manufacturers' excise tax. This would be grossly unfair and would have an injurious effect upon business.

It is subsection (d) of section 601 of the bill that I am now objecting to. That part of subsection (d) that I have referred to is the one that imposes a tax upon crude petroleum, fuel oil derived from petroleum imported into the

United States. This is a departure from the principle laid down in the first part of title 4 of the bill. It injects a tariff provision into a revenue measure, which is indefensible. This was doubtless included with the idea of winning the support of the group coming from the oil-producing States who want high tariff on this product, but even this was not sufficient to justify this provision. It means higher price for oils and gasolines. When this part of the bill is reached I will vote to strike it out. Debate on the bill should, and doubtless will, result in its improvement.

Certainly the list of exemptions should be enlarged to the point of exempting such articles as may be classified as necessities of life, and even maybe broader than this. This will be extending further the doctrine of placing the tax on those best able to pay. But this bill, if passed, and if it produces all the revenue that is promised, will have to be supplemented by other legislation, such as legislation for the consolidation and abolishment of bureaus and departments and reduction of salaries of Federal employees and officeholders. At least this additional legislation will be needed if the Budget is to be balanced, and certainly the Budget should be balanced; but even if not needed for this purpose, it is legislation that should be adopted and, I believe, will be adopted at some reasonably early date. [Applause.]

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri, Mr. NELSON.

Mr. NELSON of Missouri. Mr. Chairman, this is a bad bill and in its present form deserves defeat. I regret to have to say this. My very high regard for the acting chairman of the committee, a man much beloved, makes me wish that I might go along with him, but I think of the people in Missouri. I was back there only a few days ago, and some of them discussed this bill with me, especially the provision having to do with the sales tax. As soon as I returned to Washington, I went to some of the leaders of my own party and told them what I thought I had found out while at home.

I am thinking of those people to-day as I speak. A few moments ago I was called over to my office. I found there a most capable young woman who has been employed in one of the departments here and who, because the work is about to be completed, is soon to lose her position. She said to me, "Mr. NELSON, can you not possibly see that I am continued here? You know my father and my mother. You know the old home farm. Since I have been here I have sent back $950 to help pay the mortgage on that home; and if I can not keep on doing something, I do not know what is going to happen. I want so much to help."

So I am thinking of my constituents to-day. I am thinking of family after family in the same fix, and at this time, with millions of men and women out of work, with wages being slashed, with the incomes of 30,000,000 farmers so reduced that it leaves no profit, it is unthinkable to me that we should consider bringing in a measure such as this tax bill.

This is not a political question, and I was about to say that I am not going to talk politics, but I am going to talk just a little pure politics, and I want to talk it to my side of the House. I say to you Members of my party that if this tax bill, with the sales-tax feature brought out by a Democratic committee under a Democratic Speaker, becomes a law, there will be a big change in the membership of this House, and I fear a change in the Speakership itself when the new Congress meets in 1933. And I say to my friends on the other side of the aisle that I can imagine you going out into the campaign and saying, "Here is the new tax bill, here is what the Democrats did." Then your hearers will ask, "Who was the Speaker of the House and who was the chairman of the Committee on Ways and Means and which party had a majority of that committee?" Of course, we shall attempt to counter by saying that this sales tax is really the Mills plan, and then my friends on the other side of the aisle will come back and say Mr. Mills is a most careful Secretary of the Treasury, and they will quote the press to prove it, that when Mr. Mills submitted this proposition to the Committee on Ways and Means, he very adroitly said, "The Treasury Department does not recommend these figures. They are merely submitted for your information." [Laughter and applause.]

That is the predicament in which I as a Democrat find myself; but whenever I find that I must either part with my party or part with the people, I shall part with my party. If that be party disloyalty, then the most must be made of it. A little more than a week ago, speaking here in the House of Representatives, I expressed myself in opposition to the proposed sales tax. I told why I was against such a tax; and, as I have read some of the provisions of this measure, I find myself to-day more opposed to it than ever before.

There is talk to the effect that this tax is not to be passed on. I answer that if somebody does not pay it, not $1 will go into the United States Treasury. Anybody, even a blind man, ought to see that. Either the purchaser of the taxed product will pay the added tax, it will be taken from the producer of the raw product, or it will be deducted from the wages of the people who labor. There is no other way out of it.

Somebody asks, "What are you going to do about it, how are you going to balance the Budget, which horn of the dilemma are you going to take, do you propose to accept the proposed—but happily rejected—Republican program, with its retroactive features, its automobile taxes, its check and draft stamps, 3-cent letter postage, and so on, or are you going to take the Democratic program?" In reply, permit me to say, and I shall be perfectly frank with you, that I am not in favor of balancing the Budget at this time. Raise a reasonable amount of revenue now—raise it by taxing those most able to pay, and issue bonds for the balance.

They talk about an insolvent country and suggest that our bonds will not sell at par. Imagine a country worth $350,000,000,000 and not able to take on this little added debt represented in this proposed sales tax of about $600,000,000! The facts are that America has to-day more money over in Europe, more of her own money and more due us, than all the money that we owe in all the world; and, if I had my way, I would bring some of that money back here and bring it back quick. [Applause.]

We were told to-day that some European nations have adopted a sales tax. If, because of this, we are to assume that those countries are prosperous, then I would say to them, come in and pay a part of what you owe us. Surely, America has not become so thoroughly Europeanized or international in thought that we have to go there or to Australia or to Canada for tax suggestions.

If a sales tax made Europe prosperous, why did we have to extend a moratorium on $250,000,000, and pass that on to our people at this time?

When last June President Hoover wired us asking what we were going to do about the moratorium, I wired back promptly and said, in substance, "Mr. President, if there is going to be any moratorium I am for giving it to the American people, and especially the American farmer, first."

I have not changed my mind at all from that good hour to this.

Yes, I would have some taxes as provided in this bill. I would carry the tax figures up higher on those most able to pay, and I would have the Treasury issue some bonds. Did you know the Treasury has been issuing bonds right along to meet deficits? Did you know that these baby bonds that we now hear so much about, that are going to siphon many of the deposits out of country banks, are being issued just as other bonds could be issued to take care of this added indebtedness?

If I remember correctly, we have had several bond issues under the old act of September 24, 1917. That act is still in effect, and additional bonds could be issued, and there is no necessity for putting this sales tax onto our people at this time.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. NELSON of Missouri. I yield.

Mr. SHALLENBERGER. We are selling $900,000,000 of bonds this month.

Mr. NELSON of Missouri. My colleague from Nebraska says the Treasury Department is selling $900,000,000 in bonds this month.

Let me warn you that the country is looking this way and listening, too. Somebody has suggested that we ought to have amplifiers in this hall so that the people back home might hear what is said. What is vastly more important, we ought to have ear-trumpets so big that we could hear what the people back home are saying. [Applause.] Then we would not consider very seriously bills of this kind.

I am against the entire sales tax feature of the bill, but for fear we might not be able to knock it out, I wish especially to call attention to one feature. The bill as reported provides for a general tax on manufacturers of 2¼ per cent of the sale price. However, certain products are listed as being exempt from this tax. Included in the exemptions (sec. 602 (5), p. 299) are "meat, fish (including shell fish), and poultry, fresh, dried, frozen, chilled, salted, or in brine"; and (sec. 602 (6), p. 230) "bacon, hams, pig shoulders and pig jowls, not cooked or packed in air-tight containers."

From this it will be apparent that only fresh or salted meat and the specific cured products listed are to be exempt from the payment of this 2¼ per cent tax; and that under the bill the tax would be applied to such essential food products as (1) lard, (2) prepared meats other than those specifically listed, (3) cooked meats (such as boiled hams), (4) sausage (such as fresh-pork sausage, bologna, frankfurters, "red hots," etc.), and (5) meats in cans.

Lard has been selling recently at wholesale—and retail as well—for a price which is lower than it has been selling for many decades. Columbia (Mo.) newspapers only recently were advertising 4 pounds of lard for 21 cents at retail. This price in itself is bad enough from the producer's viewpoint and certainly is having an extremely adverse effect upon the livestock industry in this country. Formerly the United States enjoyed quite an export business in lard, but this has been rapidly disappearing. To put a burden of a 2¼ per cent tax on this product simply would further depress the value of the lard, and this in turn would be immediately reflected in the price of live hogs, already unreasonably low.

While, of course, everybody will agree that the products exempted by the committee should be exempted, certainly if fresh meat and the cured products specifically named are to be exempted, other meat products, no matter how processed, should be exempted, because obviously the effort on the part of vendors of meat would be to sell as much as possible of product exempt from payment of the tax. This undoubtedly would mean that there would be a flood of fresh meat and the products specifically named on the market; these fresh meats and specified products would have to be sold quickly, since fresh meat is highly perishable and the cured products are semiperishable; and with a flood of such meats coming on the market, the price of these automatically would be further depressed, and this in turn would depress the whole list of meat products, and such depression of price, of course, would tend to further depress the price of livestock, which certainly is far too low already.

As this bill is at present drafted there would be no tax—and I would have no tax on any food—on the rich man's porterhouse steak, this being fresh meat, but there would be a tax on the poor man's food, such as sausage, including bolognas and frankfurters, lard, ordinary boiled ham, and canned meats. In these times there are millions of consumers who are either out of a job or are living on a reduced income. In order to get any meat at all to eat they must purchase the least-expensive varieties. Frankfurters especially for years have been known as the "poor man's food." They are all meat, contain no waste, are made from less-expensive varieties of meat which by this means is made into a palatable, tasty, wholesome, and economical meat food. It is an acknowledged fact that there are "bread lines" in this country now. Many a man in a "bread line" is handed a cup of coffee and what is known as a "hot-dog" sandwich—made with a frankfurter—or a ham sandwich—made from boiled ham.

The housewife with a reduced income purchases lard because it is the cheapest fat—and, incidentally, a very fine one—available to her for cooking, including the making of bread. Under the bill flour and bread—commercially manufactured—are exempted, quite properly, from payment of the tax, but if lard is taxed a very essential element that goes into the making of bread in the home will be taxed.

Meats are put into cans primarily to preserve them and to make them readily available to consumers in districts where there is no refrigeration. Further, some meats, by the canning process, are made tender and more palatable than they would be in their raw state. Many people who can not buy fresh meats purchase canned meats or a slice of boiled ham. The workingman's ham sandwich would be taxed.

Many thousand men and women are employed in packing plants in this country in the processing of meats, the cooking of meats, and the making of sausage. If a greater volume of meat should be sold in the fresh state, then obviously there would be a decrease in the volume of meat sold in the cooked or processed state, and in this connection specific reference is made to such things as boiled hams, frankfurters, bologna, and so forth. Suppose, for example, there should be a decrease of 20 per cent in the volume of meats which would be taxed under this bill and a 20 per cent increase in the volume of meats which would not be taxed under this bill; then obviously there would be a material reduction in the amount of labor now employed in the processing and cooking of meat products other than those exempted in the bill and the making of sausage. And everything that is said with respect to consumers may be applied, of course, with equal force to the effect of the bill upon labor generally.

The packing industry has been hard hit, and it seems improbable that it will operate this year at anything other than a loss. So it is, of course, obvious that it could not absorb a heavy tax and that it would have to obtain this tax the best way it could, either from the consumers or the producers or both. Many observers feel that in all probability a tax applied to any meat or meat-food products probably would come out of more producers' pockets than out of consumers' pockets.

The exact cost of the tax mentioned to either producers or consumers can not, of course, be accurately estimated, but it would seem to be apparent that if lard, sausage, cooked meats, and canned meats shall bear the tax, then the hog producers of the United States probably will receive approximately $10,000,000 less a year for their hogs than they would if the products should be exempted, and hogs have been selling at the lowest price in a quarter century or more. This seems a fair estimate, based upon 1929 Census of Manufactures. Substituting current values and indicating the value of lard, sausage, canned meats, and cooked meats that will be produced in 1932 and sold in domestic channels and representing approximately $450,000,000, there would be a tax of $10,000,000 at 2¼ per cent. Cattle producers also would suffer to some extent, since many kinds of sausage, such as frankfurters and bologna, contain a considerable percentage (usually 50 per cent) of beef. These views are based on the theory that the producer actually would pay most of the tax. However, if the tax should result in an increase in the price of lard, canned meat, sausage (and this is particularly true in the case of sausage), and cooked meats, the food supply of many families already in a distressed condition undoubtedly would be materially affected.

From the viewpoint of the revenue to be realized from a tax on lard, sausage, canned meats, and cooked meats, $10,000,000 may not seem an important sum, but if this sum is to be extracted from an agricultural group which already has suffered and still is suffering, or from a group of consumers which already has suffered and still is suffering, then it would seem not advisable to put a tax on essential food products anywhere between the producer and the consumer's stomach.

Finally, as I have gone over the figures representing the amounts sought to be raised by this bill, I am impressed with the thought that but for waste and extravagance, but for expenditures mounting into hundreds of millions, it would not be necessary for us to raise any additional revenue.

In addition to gross extravagance brought about in part by subsidies and other forms of favoritism, by the creation or continuance of useless boards, bureaus, and commissions, millions have been voted out of the Treasury for many causes. Near the beginning of the present administration and during a special session of Congress, called to relieve agriculture—and agriculture has been rather completely relieved—$500,000,000 was authorized to be taken from the United States Treasury, yet to-day the farmer is worse off than ever before. The Farm Board appropriation represents almost the amount that it is proposed to raise by a sales tax. It is worthy of note, also, that the same amount was authorized to be taken from the Treasury when the Reconstruction Finance Corporation bill was passed only a few weeks ago, and there is a possibility that this may reach two billions.

Add to either of the half billion dollar measures the $250,000,000 represented by the European-debt moratorium, largely for the benefit of international bankers, and we have an amount exceeding by $200,000,000 or more what it is now proposed to take from the great masses of the people through the sales-tax scheme.

The Nation has been on a wild orgy of spending. This is a fact and we might as well face it. In looking over my voting record since I have been in Congress, I find that had my views and votes prevailed on as few as half a dozen measures, we would now have in the Federal Treasury a big surplus instead of a hole $2,000,000,000 deep. We are but reaping as we have sown. It is time to stop the wild spending and to begin saving. Not more taxes but more economy should be our battle cry.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. McGUGIN]. [Applause.]

Mr. McGUGIN. Mr. Chairman and gentlemen of the committee, it seems as though the controversial issue in this bill is the sales tax. If, after going to the bottom of this matter, I thought the sales tax was the issue, I would have no hesitancy in casting my vote against the bill. But, in my judgment, that is not the issue. The issue involved in this bill is whether or not we are going to maintain the stability, the financial honor, and the financial integrity of your country and of my country. If you believe that this country can go on and issue bonds to pay its obligations, and believe that we can balance the Budget safely by borrowing money, then vote against the bill. But can that be done?

This is not a partisan bill. I agree with the gentleman from Georgia [Mr. CRISP] when he said this is an American bill. It is either right or wrong on the basis of Americanism.

Now, let us see what the facts are. In 1930 this Government spent $902,000,000 more money than it took in. We have passed that into the public debt. In 1931 this Government spent $2,240,000,000 more than it took in. That must soon be passed into the national debt in the form of bonds. Now we must add to that the $2,000,000,000 granted to the Reconstruction Finance Corporation, $500,000,000 of the bonds of which is the direct obligation of this Government and $1,500,000,000 of which the Government stands behind as guarantor. We must also add the $125,000,000 advanced to the Federal land banks. The Government to-day is in the position that in the next few months it must go on the market and sell $4,365,000,000 worth of bonds. Take up your newspaper of last night or of to-night and see the price at which Government securities are selling to-day, some of them as low as $90, or $10 below par.

Can it with truth and honesty be said, and can it in good judgment be said that this Government can go out now and sell $4,365,000,000 worth of bonds, with the fact before the investors of this country that another $1,000,000,000 worth of bonds will be sold in another year, and with the further fact before the investors of this country that the Congress of the United States has said that it would not provide the revenue to pay our current obligations?

It is true that this Government could go along passing an annual deficit into the national debt for one year and maybe two years, but governments, like individuals, sooner or later must liquidate.

Let us see what the committee has done. There will be a deficit at the end of this coming year of $1,730,000,000. The committee dodges a part of it, and that is the sinking fund. It is not making any preparation for the sinking fund of over $425,000,000. Can it be said that any debtor is maintaining his credit when he does not make provision for his sinking fund? I think the committee has gone a long way from sound business when it failed to provide for the sinking fund.

It has gone a little farther and provided for a decrease in the cost of government to the amount of $125,000,000, leaving a balance of $1,121,000,000 to be obtained.

Now, let us see the effect on governments which carry on the policy of passing their annual deficit into bonds until their credit becomes impaired. We do not have to read history. We can turn back to the newspaper files of the last 10 years. Every major country in Europe, including England, but excepting France, had its depression. There was unemployment to a great extent. It went on and these governments did not balance their budgets. At last, when the credit of these governments became impaired, they went from depression down into greater despair, and just as surely as we permit the credit of our Government, the last solvent institution in the United States to-day, to become impaired, then, in my judgment, the depression will have just begun.

Mr. KELLER. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. KELLER. I would like the gentleman to give us a statement of those governments which have done the things which he has just now said; that is, those who went down into despair and then into deeper despair. I would like to have the gentleman name the governments.

Mr. McGUGIN. England, Germany, Austria.

Mr. KELLER. But that is not all of the governments. How about France and how about India?

Mr. McGUGIN. I excepted France.

Mr. KELLER. How about Norway, Sweden, Denmark, Belgium, and Holland?

Mr. McGUGIN. I said the countries of continental Europe, and that has been the case with every major country of continental Europe. At any rate, if that situation has arisen in but one country it should be fair warning to us. As I view it, if we do not balance our expenses with our income, the credit of this country will inevitably be impaired; and when that time comes we can only stand aside and watch the chaos that will come on our people. The responsibility for that chaos will be upon those who refuse to meet the responsibility of providing sufficient revenue to meet the current expenses of our Government.

Mr. DIES. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. DIES. Does the gentleman believe that we can honestly impose additional taxation upon the people without doing everything in our power to decrease the enormous expenditures of this Government, just like every other business institution in the country has done in the past few years?

Mr. McGUGIN. I will answer the gentleman's question by saying this: I firmly believe we can not conscientiously increase taxes and at the same time sit here and continually vote for appropriations. That is why I voted against the $132,000,000 road grab. That is why I have been and am going to continue to vote against all new appropriations. After others vote the appropriations I am going to meet the unpleasant responsibility of providing the necessary revenue to pay those appropriations and maintain the credit of our Government. [Applause.]

Mr. FIESINGER. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. FIESINGER. Would it make any difference in the gentleman's mind if the percentage of the debt was 6½ per cent of our national wealth, whereas in Great Britain it is about 25 per cent of the national wealth? Would that make any difference in the gentleman's mind?

Mr. McGUGIN. Most assuredly; it is bound to make some difference, but the fact remains that our securities are already becoming impaired.

Mr. FIESINGER. Does the gentleman think that is the cause of the impairment of Government securities at this time?

Mr. McGUGIN. I would think so. My friend from Illinois states that it did not bring disaster to this country, because Government bonds back in 1919 and 1920 were below par, but they went below par then for a different reason. At that time Government bonds were below par because the private investors of this country could find better investments out in the business world, but if our bonds go below par at this time, it is not on that account, but because our private investors are either broke or doubt the security. I notice that private investors are not so proud of Government securities that they are falling over themselves in bringing out hoarded money to buy "baby bonds."

The politics of this bill may be to vote against it, provided the $4,365,000,000 of bonds that will be sold this summer do not crack the bond market and impair the credit of the Government of the United States.

Now, coming to the income tax, I would never favor a sales tax so long as there was opportunity to obtain the necessary revenue from an income tax; but let us see what is the situation.

The committee has brought in a bill here which doubles the income tax on the great incomes, increases the rates from top to bottom, and yet let us see what the facts are.

The income tax in 1928 produced $2,094,000,000; in 1929, $2,179,000,000; in 1930, $1,522,000,000; in 1931, $856,000,000; and in 1932, if we add these increased rates, the return will be $790,000,000.

Yes; I have before said that I was opposed to a sales tax, but that was when we could raise from the income tax, with rates as they were, $2,094,000,000. It is not true now, when, with the income-tax rates practically doubled, we can not obtain more than $790,000,000.

Mr. KELLER. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. KELLER. I just want to ask the gentleman if it is not true that the important, the most important, and by far the most important thing that is before this body is the restoration of our national income?

Mr. McGUGIN. I will agree with that, but I do not know how to do it. I shall have to leave that job to the gentleman from Illinois.

Mr. KELLER. I can. I thank the gentleman.

Mr. McGUGIN. I am old-fashioned, and the only way I know to get along in the business world is to make expenses and income meet, and when expenses are in excess of the income the only thing I know to do is to decrease expenses.

Mr. KELLER. Would not the gentleman like to find out how to make his income vastly exceed his expenses?

Mr. McGUGIN. Yes.

Mr. KELLER. I thank the gentleman. I shall give him the advantage of that.

Mr. McGUGIN. If the gentleman can do that successfully there is great need for his advice, advising people how to get rich.

My friends, in the days when I was opposed to a sales tax and wanted the income tax to bear the expenses, as I have said, under the former rates we could obtain over $2,000,000,000, while now with the increased rates we can only obtain about $700,000,000.

So far as the income-tax rates in this bill are concerned, I do not care whether you increase them more or not. The truth is, if I wanted to obtain income by the income-tax rates I would decrease them rather than increase them. I am quite satisfied that 40 per cent surtax on all incomes over $100,000, adding thereto the 6 per cent normal tax and making a total of 46 per cent, will drive the last of the great wealth out of private business. Let us see how this works out. To-day a man who has an income in excess of $100,000 must pay to his Government 46 per cent of that income. If he can go out in the industrial world and buy a stock that will pay a 10 per cent return it nets him only 5.41 per cent return. Do you think there is anyone so silly that he is going to own a hazardous security that will net him only 5.41 when he can obtain nonhazardous public bonds that will pay him a return of 4 per cent or 4¼ per cent? As a matter of fact, there is not a single industrial investment in the United States which will net 4.6 per cent above the yield of nontaxable securities.

I am for this increase in the income-tax rate, not because I think it is going to obtain more revenue, but because I think it is bound to decentralize the wealth of this country. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Chairman and members of the committee, I have asked for only a few minutes in which to make a few observations in opposition to the revenue bill reported to this body to-day. I shall not attempt to discuss the bill in full, but shall direct my remarks primarily to the general sales-tax provision in the pending measure. Since this extended debate began early this afternoon, much has been said complimentary to the members of the Ways and Means Committee by both the proponents and opponents of this measure. It is useless for me to add that I yield to none of the gentlemen who have paid their eulogies in the esteem I have for the members of this all-important committee. I have a sincere admiration for the acting chairman [Mr. CRISP], who so vigorously defended this bill on the floor to-day. I agree that he and his committee have worked long and conscientiously; that their task has been a trying one; but I am not one of those who believe that the committee can do no wrong, that it is infallible, nor that this bill must be accepted merely because it has the backing of this all-powerful committee.

Let me say in the outset that I can not in good conscience support this bill that would place a general sales tax on practically all the necessities consumed by the people with only a few exceptions, even though Judge CRISP, ex-Chairman HAWLEY, and other distinguished members of the committee choose to call it a manufactures' tax. Whatever you may wish to call it, I insist that it is folly to say that this tax will not be handed down to the ultimate consumer. Remember, too, that it adds burdens to the people to the tune of more than $600,000,000, and yet that class owning about 90 per cent of the property of this country, the rich people of America, are only called upon to pay approximately $112,000,000 on increased incomes. I ask you in all sincerity, if such a proposal is honest, fair, or equitable?

The distinguished gentleman from Georgia [Mr. CRISP], during his hour and thirty minute address this afternoon, repeatedly laid great stress on the increase proposed on taxes of high incomes, but the fact remains that this bill would saddle some $600,000,000 directly on the backs of a long-suffering but indignant people, and only about one-sixth of that amount do you propose to politely ask the rich to pay. Again, I insist, that such a division of the imposition of this proposed tax can not be defended before the bar of the American public.

Mr. COX. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield with pleasure to my good friend from Georgia.

Mr. COX. If the gentleman wanted to suggest an amendment to the sales-tax feature of the bill, what article would he suggest?

Mr. JOHNSON of Oklahoma. I shall be delighted to answer the gentleman before I conclude, if I have time.

Great emphasis has also been made by both Acting Chairman CRISP, the distinguished gentleman from Oregon [Mr.

HAWLEY], and I think by other gentlemen on the increase made by the committee on corporation tax. So much has been said recently about what this great committee was going to do to the giant corporations that I had of course expected that the corporation tax would be at least doubled or more, but upon the examination of the bill, to my amazement, I find that this much-talked-of increase your committee has asked the corporations to carry is only 1 per cent. Think of it, gentlemen, one whole per cent! What a blow it will be to the great steel corporations, iron manufacturers, and Mr. Mellon's aluminum corporations to know that they will hereafter have their corporate tax increased 1 per cent!

Mr. COX. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. Yes; I yield to my distinguished friend from Georgia.

Mr. COX. The gentleman appreciates the fact that corporations are owned by individuals, and therefore the increase in rates applies to them.

Mr. JOHNSON of Oklahoma. Oh, yes; but I appreciate also that they are not paying their just share of the burdens of government, and I repeat that the proposed increase of only 1 per cent is a colossal joke.

The Committee on Ways and Means only estimates that the corporations of America will pay $21,000,000, while the poor people, who had no representative to appear before the committee, save and except Members of Congress, must bear the brunt of the load. "Oh," but says the acting chairman, "just see what we did to the estate and gift taxes!" Then he tells us, with no small degree of pride, that the millionaires who hereafter give their property away to some worthless relative or friend who did not earn a penny of it are going to feel the mighty blow of this Congress. These will be called upon to pay an increased aggregate sum of $35,000,000.

Mr. CRISP. If the gentleman will yield; he wants to be fair. I said that it would only bring $38,000,000 during 1933, because they have 18 months in which to pay the tax. After that it will bring in a tremendous amount of money.

Mr. JOHNSON of Oklahoma. I will say in reply to my friend that I sincerely trust it will bring in considerably more than contemplated in his bill, because I am going to introduce an amendment in an effort to increase the gift and estate tax as well as the corporation tax.

Mr. COX. The gentleman would not want to make the rate so high that it would kill the impulse?

Mr. JOHNSON of Oklahoma. No. But I call attention to the fact that it is not as high as it has been in years past. I think the gentleman will agree that during the war, and for several years after the war, it was much higher.

The distinguished gentlemen who are so eager to rush this bill through Congress have all placed great stress on the unusual deficit in the Treasury and the vital importance of balancing the Budget at the earliest possible moment. What they forget to tell you, however, is that it took several years to make the deficit that they propose to balance with one broad swoop. They also forgot to say that this increased tax on high incomes, that they insist is at the breaking point, is not nearly so high as during the World War, and for some time thereafter. If, as gentlemen say, this is an unprecedented situation, and if the Budget must be balanced within a twinkling of an eye and at all costs, then I submit in all fairness that the wealth of this country should pay a more just share of the burden.

There seems to be some question among sponsors of this revenue bill as to just who should have the credit for this measure. I predict that in case it is passed by this Congress it will not be many months until the Democrats will all be insisting that the Republicans should have the credit and Republicans will be charging full share of "credit" to the Democrats. [Applause.]

Mr. DOUGHTON. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I am glad to yield to the gentleman who is a member of the committee, and who had the nerve, and in my opinion, good judgment to oppose this measure. [Applause.]

Mr. DOUGHTON. Let me say that the Republicans have already started the propaganda. I saw by the Washington papers, the Star and others, that this is a Democratic measure.

Mr. JOHNSON of Oklahoma. I deeply regret that such propaganda has gone out through the length and breadth of the land, but I agree with the gentleman that it is only propaganda and not substantiated by the facts.

But since politics have been brought into this debate, let me say that when this Congress convened last December and the then Secretary of the Treasury, Mr. Mellon, first advocated a general sales tax in order to balance the Budget, the Democratic leadership of this House ridiculed the idea. It is amusing to me to hear Members refer to this sales tax as a Democratic measure. It is everything but Democratic. This provision of your bill that proposes to shift the burden of government from the rich to the backs of the tax-burdened people of America did not, I repeat, originate with any Democrat but came from the fertile brains of the "late" Mr. Mellon; and the present millionaire Secretary, Mr. Mills, who did not exactly make a "suggestion" of a sales tax but who did voluntarily submit the figures on which the committee brought out this monstrosity. The Secretary of the Treasury states that he submitted the figures along with other schemes on how to get more money from the people, but, of course, he would not want it construed as a suggestion. It is natural that the former Secretary of the Treasury would first suggest a general sales tax as a scheme to balance the Budget, since it would do so at the expense of the small taxpayer of this country. It would also prove a vehicle by which the four hundred and odd corporations owned or controlled by the Mellon interests should escape as much of that just burden of taxes as possible. So, gentlemen, do not fool yourselves by referring to the sales tax as a Democratic measure. It is a Mellon-Mills bill. Do not deceive yourselves.

Again, my good friend Judge CRISP, of Georgia, referred with pride and evident satisfaction to the sales tax now in operation in Canada in support of his position favoring a sales tax in America. He quoted a Mr. Jones, sent here by the Dominion, as saying that Canada is well pleased with her sales tax and that it is a popular law with our northern neighbors.

I was one of the fifty-odd Members of Congress who spent several days in Canada last fall investigating the sales tax. I attended all the hearings held by our delegates in Canada and talked to many officials, high and low, as well as hundreds of citizens of the Dominion. There is no question but what the high officials of Canada tried to sell Members of Congress on the sales tax. But, when asked a question about the Canadian law, officials did not pretend to justify it, except to say that it is "painless" because, they declared, the Canadian people did not generally know how the tax is collected nor how much they pay. "What the taxpayer does not know will not hurt him," said a high official of the Canadian Government publicly to our delegation. He made no effort to defend the principle of the sales tax. The Canadian people are not as ignorant as their officials believe, however, as I talked to hundreds of their citizens, and I say to this House in all sincerity, that not one with whom I talked, aside from the Canadian officials, favors their sales tax as now in operation. It was pointed out to me while in Canada that a sales tax offers not only an opportunity but a temptation for graft and corruption. I was cited to several specific instances by business men of Quebec, Montreal, and Ottawa, where manufacturers and jobbers had added as high as 16 per cent on the pretext that the Government was charging it to the retailer. "The tragedy of it all is that the poor unsuspecting public pays the bill," said a prominent merchant of Montreal in discussing a sales tax with me. To say that the people of Canada are satisfied with a sales tax can not be justified by the facts. I know that such a statement is absurd, irrespective of what any high-powered Canadian official may have told the committee.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I shall be glad to do so.

Mr. COX. The gentleman comes from the great State of Oklahoma, and I am wondering what his reaction is to the proposal to protect oil.

Mr. JOHNSON of Oklahoma. I am very glad that the gentleman mentioned that, and I shall be glad to answer him in detail before I conclude. Just now, however, I should like to at least finish discussing the sales tax in Canada.

Mr. COX. Is the gentleman for or against it?

Mr. JOHNSON of Oklahoma. I am for it and I shall be glad to answer fully, frankly, and to the gentleman's satisfaction if I may have a little more time.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. Yes; with pleasure.

Mr. GOSS. During these 10 minutes I hope the gentleman will make clear his position upon the question of a tariff on imported fuel.

Mr. JOHNSON of Oklahoma. I shall be glad to answer the gentleman's question, as I have just stated I would do in response to the gentleman from Georgia [Mr. Cox] but I trust I may be permitted to finish what I was saying of my personal investigation of the sales tax law in Canada.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. Yes.

Mr. COX. Assuming that the manufacturer of course will assume a part of this 2¼ per cent——

Mr JOHNSON of Oklahoma. But I do not assume that, because all of us know that it will be passed on to the consumer.

Mr. COX. If all of it is passed on to the consumer, does the gentleman appreciate the fact that with a pair of overalls that retails to the buyer at 60 cents, the tax would be about half a cent. Is that burdensome?

Mr. JOHNSON of Oklahoma. That may be true, the tax on overalls may be small; but when the gentleman goes back to his district this year and his farmers and other constituents, who do not have the 60 cents to buy overalls, find that they must pay a tax on them, and everything they wear as well as much that they eat, or would like to wear and eat, and if and when they are reminded that their Congressman voted such a tax on them, and made an eloquent speech declaring this bill to be "pregnant with legislation for the poor people," the gentleman may have some explaining to do.

Mr. COX. Will the gentleman permit me to say that my constituents sent me here because of their belief that I would avail myself of the opportunities to acquire information and draw conclusions that are fair, and represent my honest convictions, and would vote them rather than vote their prejudices.

Mr. JOHNSON of Oklahoma. Having served on the same committee with the distinguished gentleman for a couple of years, I feel that he does vote his convictions under all circumstances, and I compliment his constituents in sending him here. May I express the hope that they will not have any reason to change their minds because of his vote for this bad legislation.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. Yes; I yield for a question.

Mr. FIESINGER. The gentleman has said something that interests me about Canada. Did the gentleman find any bootlegging under this sales tax in Canada?

Mr. JOHNSON of Oklahoma. Of course, the gentleman is talking about bootlegging in manufactured articles?

Mr. FIESINGER. I do not mean bootlegging whisky, but manufactured articles.

Mr. JOHNSON of Oklahoma. I regret to say that there is bootlegging in more ways than one in Canada. This applies especially to manufactured goods.

Mr. FIESINGER. I believe there is a great deal of bootlegging there in order to escape the oil tax in this country.

Mr. JOHNSON of Oklahoma. I will say to the gentleman that I have heard similar reports.

Mr. FIESINGER. In fact, I read that somewhere $50,000,000 worth of gasoline attempts to escape the tax in this country. Is there anything like that in Canada?

Mr. JOHNSON of Oklahoma. I do not know about that, but I was told by business men in Montreal, Quebec, and other cities that there is considerable bootlegging in Canada, and if true it simply adds another serious objection to the pending bill.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I would prefer to continue until I finish what I have in mind to say; then, if I have time, I shall be glad to answer the gentleman. I listened with much interest to his speech a while ago favoring a sales tax, among other things. I agree with much he said, but disagree with his conclusions. I hope to have time to answer some of his argument before I conclude.

Now getting back to Canada, our northern neighbors are simply tolerating a sales tax in the same manner as the people of America will be called upon to tolerate this unjust and outrageous tax as a so-called temporary measure.

We have heard considerable this afternoon about this revenue bill being a temporary measure. I was told by business men in Canada that they, too, were assured when Canada's law was passed that it was only to be a temporary emergency measure.

Canadians were told that their law was to be repealed within one or two years. But it has not worked out that way with our neighbors. Every effort on the part of the people to repeal the sales tax in Canada has been of no avail. And I predict now, that if and when this Congress imposes $600,000,000 in taxes on the backs of the poor people of this country, as a supposed temporary or emergency measure, that it will be fastened on our people for years and years to come.

Mr. COX. The gentleman assumes that none other than the very poor will buy?

Mr. JOHNSON of Oklahoma. No; I do not assume that no one but the poor will buy, but let me again remind the gentleman from Georgia, it is admitted that $600,000,000 of this tax will be placed on the buying public, and some $112,000,000 increase is to be paid by the idle and otherwise rich, who are best able to pay. But I want to make one more statement about this alleged temporary tax bill. When this or any other government has, in the past, been able to impose additional tax on the people, the government has always been reluctant to abandon such a tax.

Mr. COX. They did abandon the tax that was imposed during the war.

Mr. JOHNSON of Oklahoma. Yes, finally; but it took years to do it, and it should not have been done then.

Mr. Chairman, the gentleman from Georgia [Mr. Cox] and others have asked me to answer their questions about the excise tax on oil. I promised to answer them and certainly I have no disposition to evade the issue. It has been broadly intimated on this floor and elsewhere that I should be obliged to support this revenue bill, sales tax and all, for the reason that it also contains a provision of 1 cent per gallon tax on imported crude oil. Because of my activity in an unsuccessful effort to secure an oil tariff for the past several years I have been forcibly reminded that because of the 1-cent-per-gallon tax imposed as a sort of "sop" to the oil-producing States I should "swallow" the sales tax, even though I am opposed to it. I am now asked to support a sales tax, a thing I have for years vigorously opposed; but, Mr. Chairman, I have also consistently opposed logrolling and trading in tariff legislation and I do not hesitate to say that, unless this revenue bill is amended to eliminate or greatly reduce the sales tax provision, I can not support it merely because it has a small "sop" for the oil industry of my State.

I am against logrolling and trading in matters of legislation. It is as obnoxious in a tax bill as in a tariff measure. The mere fact that there happens to be great quantities of oil in my State and some in my district and the further fact that I may have received a few telegrams from some of my very good friends who are oil men, urging that I support this bill, sales tax and all, does not change my idea of right and wrong. [Applause.]

I say to you that a general sales tax is inherently wrong; it is undemocratic, unprincipled, un-American, and absolutely unconscionable.

Mr. COX. But in the gentleman's view that is a very good provision of the bill, is it not?

Mr. JOHNSON of Oklahoma. Yes; I think the small oil tax is a good provision as far as it goes, but let me remind the gentleman that a nonpartisan tariff commission, after much investigation over a period of several months, reported to Congress that the difference in cost of production of oil in America and foreign countries was $1.03 per barrel, and yet this committee evidently ignored that report of the tariff commission and brought in a measly excise tax of 1 cent per gallon on imported oil.

The CHAIRMAN. The time of the gentleman from Oklahoma has again expired.

Mr. KELLER. Mr. Chairman, I ask that the gentleman's time be extended.

Mr. STAFFORD. Mr. Chairman, I was thinking about making a point of no quorum. It is getting late, and we had a night session last night. Will the gentleman be able to conclude in five minutes?

Mr. JOHNSON of Oklahoma. I think so. I shall do my best.

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Oklahoma five additional minutes.

Mr. COX. On a vote the gentleman would support that provision, would he not, even though it does not go as far as the gentleman thinks it ought to go?

Mr. JOHNSON of Oklahoma. I am, of course, in favor of the small tax on oil, although it was imposed for purposes of revenue only and will be little if any protection to the independent oil operator.

Mr. COX. The gentleman admits there is one good provision in the bill.

Mr. JOHNSON of Oklahoma. There are several good provisions in the revenue bill, but I do not agree with my distinguished friend that it is "pregnant with legislation for the poor people." I said at the outset that I was addressing myself primarily to the sales tax. Inasmuch as such great emphasis has been placed on this insignificant oil-tax provision by the gentleman from Georgia and others, let me repeat that it was included by the committee only for the purpose of raising more revenue. No one familiar with the situation would pretend to say that 1-cent-a-gallon tax would keep one barrel of foreign crude from entering our shores in competition with that produced by our independent oil producers of America. At the proper time I propose to offer an amendment to double the tax on foreign crude imported, which, I assume, will be turned down. The Mellon interests, the Standard Oil, and Dutch Shell will not stand for a reasonable tax that might possibly interfere with their vast oil holdings in South America. Never have I traded, nor offered to trade, on matters of legislation. Let the oil-tax provision stand or fall on its own merit; but do not try to hold a club over me in an effort to force through a general sales tax that would heap additional burdens upon the weary backs of the taxpayers. [Applause.]

My distinguished and able friend from Georgia, who spoke so eloquently of the inarticulate voice of the people, and yet, who I fear, did not listen to that voice when he brought this bill here, repeatedly asked the question to-day, "If you do not adopt the sales tax, then what are you going to do about it?" That is a fair question, and I propose in the minute or so that is left, to answer it briefly, but I trust, in a straightforward manner. Before doing so, however, I want to remind him that the Budget was in the same condition a few weeks ago when he, along with the majority of his committee, voted for the $2,000,000,000 Reconstruction Finance Corporation, that I charged then, and repeat now, was a dole to big business. [Applause.] There was a deficit in the Treasury when the gentleman's committee lined up almost to a man, as I recall, and voted to relieve certain foreign governments of a debt they justly owe the taxpayers of America, known as the moratorium debt holiday bill. Therefore I have the right to ask if this proposed sales tax is for the purpose of repaying the dole this Congress dished out to foreign governments, or another pet of the administration, the Reconstruction Finance Corporation? [Applause.]

If those bills had not been passed, Mr. Chairman, it is evident it would not have been necessary to come in here and ask Congress to pass this sales tax, because the sales tax does not begin to pay for all of the doles of this Congress to international bankers and big business generally.

But, answering the question, "What would I do about it?" Aside from increasing the surtax, corporation tax, and income tax, I would reenact the excess profits tax that brought in over $300,000,000 in 1921, but that is left out of this bill. Then I would cut expenses of this Government to the bone before calling on the people for additional taxes. I would abolish countless commissions and overlapping and useless boards and bureaus. I desire to congratulate our able and distinguished Speaker of the House on appointing a committee to do that very thing. I sincerely trust that the House committee reports soon and offers us a real economic program. They can not cut too much for me. I do not hesitate to say that I would cut and slash Federal salaries, especially in the higher brackets. A 10 per cent cut of Federal salaries would mean a saving of $131,000,000. I am not one of those who think that Members of Congress are paid too much; but, personally, I would gladly accept a 10 per cent, yes, a 20 per cent salary cut or more, rather than vote for this outrageous, unfair, undemocratic, unscientific, and indefensible sales-tax measure. [Applause.]

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and Mr. O'CONNOR having assumed the chair as Speaker pro tempore, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, and had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. STEVENSON (at the request of Mr. HARE), indefinitely, on account of illness in family.

LIMITATION OF INJUNCTIONS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, with a Senate amendment, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. The gentleman from Texas asks unanimous consent to take from the Speaker's table the bill H. R. 5315, with a Senate amendment, disagree to the Senate amendment, and agree to the conference asked by the Senate. Is there objection?

There was no objection.

The SPEAKER appointed the following conferees: Messrs. SUMNERS of Texas, MONTAGUE, and DYER.

REPEAL OF THE EIGHTEENTH AMENDMENT

Mr. POLK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD with reference to voting to discharge the Committee on the Judiciary from the consideration of House Joint Resolution 208.

The SPEAKER. Is there objection?

There was no objection.

Mr. POLK. Mr. Speaker, the House of Representatives will have before it next Monday a proposition which, in my humble judgment, strikes at the very foundations of our form of Government. The question resolves itself into an issue of whether or not the people of our country, whether or not the voters and the taxpayers of our country have a right to express their opinion by means of the ballot on a great question of public moment.

We have, in theory at least, a government of the people, by the people, and for the people. By the established procedure of amending the United States Constitution the so-called eighteenth amendment was adopted as a part of our Constitution.

Those opposed to this amendment claim that a majority of our people were not in favor of it, that it was adopted as a measure growing out of the World War and was a product of the mental attitudes produced by that war. Its proponents claim it is a great moral principle, a move to uplift humanity, a great step forward in our way of living in the United States of America.

Now, after about 13 years, a movement is on to abolish this eighteenth amendment; to take it out of the Constitution, or to modify the laws relating to its enforcement.

The Committee on the Judiciary, having had under consideration legislation which would permit a vote being had upon the liquor question, have refused to act. As the issue now stands, a majority of the Committee on the Judiciary, which is composed of 23 men, can prevent the millions of our citizens who desire to vote on the liquor question from doing so. We are to decide next Monday, by our vote, whether this committee, which has had under consideration this proposition and which has refused to allow it to come out on the floor of this House to be debated and disposed of in the legal way, shall be discharged. Under the rules of this legislative body, when a committee of this House votes against reporting out a bill it is impossible to have a vote on this bill until the committee is discharged. Consequently, it is impossible, as the situation stands now, for those favoring this legislation to be heard; and until the committee is discharged we have no way of progressing toward a solution of this problem as it is now impossible to pass legislation to permit the voters to express their opinion on this controversial issue.

This is not a question of voting wet or voting dry. It is not a question of prohibition or antiprohibition. Fundamentally, it is a question of the right of the people to express their opinion through the use of the ballot on election day. This right goes to the very foundation of our Government. A continued refusal to permit such a vote, if persisted in, will lead to anarchy. No vote can be had until the committee which has this problem under discussion decides to report out the bill providing for a resubmission of this question to a vote of the people. There is nothing left for those of us who believe in the fundamental principles of our Government, as laid down by the fathers, but to vote to discharge this committee. I, as a Representative from one of the strongest prohibition districts in the United States, am willing to register the vote of my people in favor of the proposition that all the people have a right to vote on any question of public moment. I would be untrue to the people of my district of I did otherwise. I would be untrue to myself and untrue to the Constitution I have sworn to support and uphold as a Representative in Congress.

My district has, since the very beginning, supported the temperance movement. In my home county, at Hillsboro, Ohio, in 1873 was organized what is now known as the Woman's Christian Temperance Union. This movement was fostered by a now nationally known woman, Mother Thompson, who led with other women in the community in a crusade against the saloons of that part of Ohio. These noble women were called "The Crusaders." They were successful, and later became the organization that is now known as the Woman's Christian Temperance Union. This organization is the greatest power for temperance that we have in our land. They are effective agents for good in every community. They are endeavoring to bring about through education the elimination of the curse of alcohol.

But I believe the prohibition people of my district are fair. They realize that there is an ever-increasing number of people in the district who honestly believe that there must be some modification of our present national prohibition laws. They realize that in many parts of our State and in the Nation at large there are many people who honestly believe that there must be some modification of these laws. I repeat that I believe the prohibition people of my great district are fair, and I say "great district" advisedly. My district is composed of six of the finest counties in the United States. These counties were derived from what was originally known in the early days as Virginia military land. It was bestowed upon the Revolutionary soldiers from the State of Virginia, and many of my constituents trace their ancestry back to those heroic men, the followers of the immortal Washington. The sons and daughters of these Revolutionary patriots have achieved both fame and fortune. A President of the United States, Gen. U. S. Grant, was born and was appointed to West Point from this district. Two distinguished United States Senators, Joseph Benson Foraker and Albert J. Beveridge, the latter having later achieved fame in the neighboring State of Indiana, were both natives of my district, as was Gov. Allen Trimble, one of Ohio's famous governors.

A former chief justice of the Ohio Supreme Court and one of the present judges of that court are both natives of this district. When President Harding wanted a prohibition commissioner he came to this same district for an official to enforce the prohibition law. I have recited these facts to show that our people have served faithfully and well in many fields of the public service.

If I should vote to uphold the Committee on the Judiciary in their action, I would say in effect that I do not believe that the people of my district are capable of voting intelligently on this question. If I should vote to uphold this committee on this question, I would say in effect that I do not want the people of my district to have the opportunity of voting on this issue. Furthermore, I would be untrue to the American Legion, which organization unqualifiedly advocates the resubmission of the liquor question to a vote of the people. And I believe by so voting I would be untrue to the fundamental principles of representative government upon which our Government is founded.

ADJOURNMENT

Mr. CRISP. Mr. Speaker, the House, by unanimous consent, agreed to meet to-morrow morning at 11 o'clock. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 52 minutes p. m.) the House adjourned until to-morrow, Friday, March 11, 1932, at 11 o'clock a. m.

COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Friday, March 11, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES

(10 a. m.)

Depressed value of silver (H. Res. 72).

COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

General legislation.

COMMITTEE ON RIVERS AND HARBORS

(10.30 a. m.)

Boston Harbor, Mass.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Merchants airship bill (H. R. 8681).

COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

(10 a. m.)

Public works administration (H. R. 6665 and H. R. 6670).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

479. A communication from the President of the United States, transmitting herewith for the consideration of Congress, and without revision, supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, for the fiscal year 1932, in the sum of $21,500 (H. Doc. No. 267); to the Committee on Appropriations and ordered to be printed.

480. A communication from the President of the United States, transmitting herewith for the consideration of Congress, and without revision, supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, for the fiscal year 1932, in the sum of $80,700 (H. Doc. No. 268); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. POU: Committee on Rules. H. Res. 169. Resolution authorizing the economy committee to make its report any time during this session of Congress; without amendment (Rept. No. 757). Referred to the House Calendar.

Mr. CONDON: Committee on the Judiciary. H. R. 300. A bill to amend section 319 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909; without amendment (Rept. No. 758). Referred to the House Calendar.

Mr. CHAVEZ: Committee on Public Buildings and Grounds. H. R. 8075. A bill relating to the construction of a Federal building at Ponca City, Okla.; without amendment (Rept. No. 760). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 8907. A bill to authorize the Secretary of the Treasury to acquire land adjoining Lawrence (Mass.) post-office site; without amendment (Rept. No. 761). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARTWRIGHT: Committee on Indian Affairs. H. R. 9496. A bill to provide for the leasing of the segregated coal and asphalt deposits of the Choctaw and Chickasaw Indian Tribes, Oklahoma, and for an extension of time within which purchasers of such deposits may complete payments; with amendment (Rept. No. 762). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. S. 3634. An act to amend section 600 of the act of March 3, 1901 (31 Stat. 1284; D. C. Code, title 5, sec. 122); without amendment (Rept. No. 763). Referred to the House Calendar.

Mr. DRIVER: Committee on the Territories. H. R. 6713. A bill for estimates necessary for the proper maintenance of the Government wharf at Juneau, Alaska; without amendment (Rept. No. 764). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PITTENGER: Committee on Claims. H. R. 5561. A bill for the relief of Oscar R. Hahnel; with amendment (Rept. No. 759). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on World War Veterans' Legislation was discharged from the consideration of the bill (H. R. 8663) for the relief of James Leslie Passmore, and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GIBSON: A bill (H. R. 10361) amending the civil service retirement act; to the Committee on the Civil Service.

By Mr. McKEOWN: A bill (H. R. 10362) to require the approval of the general council of the Seminole Tribe or Nation in case of the disposal of any tribal land; to the Committe on Indian Affairs.

By Mr. JOHNSON of Washington: A bill (H. R. 10363) to amend the naturalization law relating to certain certificates of arrival; to the Committee on Immigration and Naturalization.

By Mr. SIROVICH: A bill (H. R. 10364) to amend and consolidate the acts respecting copyright, and to codify and amend common-law copyright; to the Committee on Patents.

By Mr. KENDALL: A bill (H. R. 10365) granting the consent of Congress to the counties of Fayette and Washington, Pa., either jointly or severally, to construct, maintain, and operate a toll bridge across the Monongahela River at or near Fayette City, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mrs. KAHN: A bill (H. R. 10366) to provide more effectively for the national defense by increasing the efficiency of the Air Corps of the Army of the United States; to the Committee on Military Affairs.

By Mr. GARBER: A bill (H. R. 10367) to provide for the payment to veterans of the face value of their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. SANDERS of Texas: A bill (H. R. 10368) to make the husband or wife of the accused competent to testify on behalf of the accused in the United States and Territorial courts; to the Committee on the Judiciary.

By Mr. LICHTENWALNER: A bill (H. R. 10369) designating the musical composition Stars and Stripes Forever, by John Philip Sousa, the national march of the United States of America; to the Committee on the Judiciary.

By Mr. ARENTZ: A bill (H. R. 10370) to provide for the citizenship of a child born of an American mother and alien father; to the Committee on Immigration and Naturalization.

By Mr. CHRISTOPHERSON: A bill (H. R. 10371) to repeal section 2 of chapter 333, Forty-fifth Statute; to the Committee on the Judiciary.

By Mr. KERR: A bill (H. R. 10372) to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants; to the Committee on Public Buildings and Grounds.

By Mr. McSWAIN: A bill (H. R. 10373) to establish the status of civilian employees of the Army Transport and harbor boat services during the World War; to the Committee on Military Affairs.

By Mr. SCHAFER: Joint resolution (H. J. Res. 326) providing for the participation of the United States in the celebration in 1933 of the two hundredth anniversary of the founding of the city of Savannah, Ga., and authorizing an appropriation for the construction of a permanent memorial to Brig. Gen. Casimir Pulaski, Revolutionary War hero, who gave his life at siege of Savannah, Ga., October 11, 1779, and to his Revolutionary War soldiers; to the Committee on the Library.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of New York, memorializing Congress to enact legislation providing for substantial increase in the rates of the Federal estate tax and for the continuance in force, with respect to any increases in the Federal estate tax, of the present law, which permits credits against the Federal tax for State death duties paid to the extent of 80 per cent of the Federal tax; to the Committee on Ways and Means.

Memorial of the Legislature of the State of New York, memorializing Congress to enact legislation amending section 5219 of the United States Revised Statutes; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHMANN: A bill (H. R. 10374) for the relief of John H. Ballah; to the Committee on Military Affairs.

By Mr. BARTON: A bill (H. R. 10375) for the relief of G. R. Miller; to the Committee on Military Affairs.

Also, a bill (H. R. 10376) granting a pension to G. R. Miller; to the Committee on Invalid Pensions.

By Mr. BOEHNE: A bill (H. R. 10377) authorizing the payment of compensation to Laura Roush for the death of her husband, William C. Roush; to the Committee on Claims.

By Mr. BUCKBEE: A bill (H. R. 10378) granting a pension to Eva Case; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 10379) granting a pension to Bishop Creech; to the Committee on Pensions.

Also, a bill (H. R. 10380) granting a pension to Martha McIntosh; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10381) granting an increase of pension to Mary Reynolds; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10382) granting a pension to Elizabeth Vogler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10383) granting a pension to Alma Kash; to the Committee on Pensions.

By Mr. CRAIL: A bill (H. R. 10384) for the relief of Eugene F. Lawler; to the Committee on Military Affairs.

By Mr. CURRY: A bill (H. R. 10385) for the relief of Edward C. Joslyn; to the Committee on Military Affairs.

Also, a bill (H. R. 10386) granting an increase of pension to Joseph W. Hicks; to the Committee on Pensions.

By Mr. GARRETT: A bill (H. R. 10387) authorizing the President to order Donald O. Miller before a retiring board for a hearing of his case and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his resignation; to the Committee on Military Affairs.

By Mr. GOODWIN: A bill (H. R. 10388) for the relief of John William Bardsley; to the Committee on Naval Affairs.

By Mr. HOLADAY: A bill (H. R. 10389) granting a pension to Vannis J. Baptist; to the Committee on Pensions.

By Mrs. KAHN: A bill (H. R. 10390) for the relief of Louis Henry Brown; to the Committee on Naval Affairs.

Also, a bill (H. R. 10391) for the relief of Emil Anderson; to the Committee on Naval Affairs.

Also, a bill (H. R. 10392) granting a pension to Frank E. Marks; to the Committee on Pensions.

Also, a bill (H. R. 10393) for the relief of Claud Granville Goings; to the Committee on Naval Affairs.

Also, a bill (H. R. 10394) for the relief of the Jewish Committee for Personal Service; to the Committee on Claims.

By Mr. KELLY of Pennsylvania: A bill (H. R. 10395) granting a pension to Gertrude A. Foley; to the Committee on Pensions.

Also, a bill (H. R. 10396) granting a pension to Robert McDermott; to the Committee on Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 10397) granting a pension to Andrew J. White; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 10398) granting a pension to James C. Riley; to the Committee on Invalid Pensions.

By Mr. PARSONS: A bill (H. R. 10399) granting an increase of pension to Anna E. Frauli; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10400) granting a pension to James Hord; to the Committee on Invalid Pensions.

By Mr. RAGON: A bill (H. R. 10401) for the relief of James E. Grogan; to the Committee on Military Affairs.

By Mr. RAMSEYER: A bill (H. R. 10402) granting an increase of pension to Sarah E. Carmichael; to the Committee on Invalid Pensions.

By Mr. REED of New York: A bill (H. R. 10403) granting an increase of pension to Hattie Clark; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10404) granting an increase of pension to Luceba E. Burdick; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 10405) for the relief of H. Forsell; to the Committee on Claims.

By Mr. SULLIVAN of Pennsylvania: A bill (H. R. 10406) for the relief of the Allegheny Forging Co.; to the Committee on Claims.

Also, a bill (H. R. 10407) for the relief of the Allegheny Forging Co.; to the Committee on Claims.

Also, a bill (H. R. 10408) for the relief of the Allegheny Forging Co.; to the Committee on Claims.

By Mr. SWING: A bill (H. R. 10409) granting a pension to Clyde R. Youngblood; to the Committee on Pensions.

By Mr. THOMASON: A bill (H. R. 10410) for the relief of E. B. Rose; to the Committee on Claims.

By Mr. TILSON: A bill (H. R. 10411) for the relief of William J. Roper; to the Committee on Military Affairs.

By Mr. UNDERHILL: A bill (H. R. 10412) granting an increase of pension to Mary C. Fisher; to the Committee on Invalid Pensions.

By Mr. VESTAL: A bill (H. R. 10413) granting an increase of pension to Bruce Winklepleck; to the Committee on Pensions.

By Mr. VINSON of Georgia: A bill (H. R. 10414) granting a pension to Perry E. Rearden; to the Committee on Pensions.

By Mr. WEAVER: A bill (H. R. 10415) to reimburse Mrs. Charles Stewart for money expended by her in treatment of her husband, Charles L. Stewart, who was fatally wounded while in the performance of duty as deputy United States marshal; to the Committee on Claims.

By Mr. WELCH of California: A bill (H. R. 10416) granting a pension to Wilhelm Kerstan; to the Committee on Pensions.

By Mr. WEST: A bill (H. R. 10417) granting a pension to Francis Sipe; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4038. By Mr. AMLIE: Memorial of Group No. 713 of the Polish National Alliance at Racine, Wis., urging that October 11 of each year be proclaimed as Pulaski Memorial Day; to the Committee on the Judiciary.

4039. By Mr. ANDREW of Massachusetts: Petition of Essex County Council, the American Legion, of Massachusetts, opposing any needs or paupers' clause in any widows and orphans' bill; to the Committee on World War Veterans' Legislation.

4040. Also, petition of Essex County Council, the American Legion, of Massachusetts, favoring the extension of civil service to veterans now holding unclassified positions, who have served for at least three years in the Government service and were honorably discharged from the military or naval service; to the Committee on the Civil Service.

4041. Also, petition of Ada G. Dodge, of Rockport; Hilda Alto, of Gloucester; C. G. Wagg, of Bradford, all of the State of Massachusetts, protesting against the proposed Federal gasoline tax; to the Committee on Ways and Means.

4042. By Mr. BACHMANN: Petition of C. T. Gorby and a number of citizens of New Martinsville, W. Va., opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4043. By Mr. BRIGGS: Petition of citizens of Houston County, Tex., urging continuance of Federal Farm Board; to the Committee on Agriculture.

4044. Also, petition of citizens of Anderson County, Tex., urging continuance of Federal Farm Board; to the Committee on Agriculture.

4045. By Mr. BRUNNER: Resolutions adopted by American Hotel Association of the United States and Canada, urging on Congress the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

4046. Also, memorial of the Legislature of the State of New York, memorializing the Congress of the United States to enact legislation amending section 5219 of the United States Revised Statutes in such manner that as so amended it will relieve the several States of the necessity of imposing a tax upon savings and loan associations of the purely mutual type, etc.; to the Committee on Banking and Currency.

4047. By Mr. BURDICK: Petition of Fred A. Peirce and 10 other residents of Rumford, East Providence, R. I., opposing repeal, modification, or resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4048. By Mr. BUCKBEE: Petition of Group 1224 of the Polish National Alliance, 1415 Orange Street, Rockford, Ill., asking that Congress enact House Joint Resolution 144, directing the President to proclaim October 11 of each year as General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

4049. By Mr. CAMPBELL of Iowa: Petition of 40 citizens of Spirit Lake, Iowa, against compulsory Sunday observance, and in opposition to Senate bill 1202 and House bill 8092 providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

4050. By Mr. CLARKE of New York: Petition of Rev. Peter McKenzie and 13 members of the Men's Club, Presbyterian Church of Stamford, N. Y., urging the maintenance of the prohibition law and its enforcement, and opposing any measure looking forward to modification resubmission to the States or repeal; to the Committee on the Judiciary.

4051. Also, petition of the Woman's Missionary Society of the Baptist Church, Sidney, N. Y., urging the maintenance of the prohibition law and its enforcement, and opposing any measure looking forward to modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4052. By Mr. CURRY: Petition of citizens of Sacramento, Calif., opposing the modification, resubmission, or repeal of the prohibition law; to the Committee on the Judiciary.

4053. By Mr. DAVENPORT: Petition of Adelia Wilson and others, of Utica, and 36 residents of Oneida, N. Y., protesting against compulsory Sunday observance, particularly to House bill 8092 providing for the closing of barber shops in the District of Columbia on Sunday; to the Committee on the District of Columbia.

4054. By Mr. ESTEP: Petition of Charles C. McGovern, W. D. Mansfield, and C. M. Barr, Board of County Commissioners of Allegheny County, Pa., urging sufficient appropriations for adequate military and naval defensive forces, and indorsing the Parker-Reed bill; to the Committee on Appropriations.

4055. By Mr. GARBER: Petition of the board of directors of the American Petroleum Institute in New York, protesting against the imposition of a gasoline tax of 1 cent by the Federal Government upon domestic gasoline, and against any increase of the gasoline tax imposed by the several States; to the Committee on Ways and Means.

4056. Also, petition of the Creek Indians of Oklahoma protesting against the passage of Senate bill 1839 entitled "A bill to assist the creation of Indian trust estates, and for other purposes; to the Committee on Indian Affairs.

4057. By Mr. GILCHRIST: Petition of Dr. A. I. Reed and 131 others representing the members of Maurice Doyle Post, No. 91, American Legion, Estherville, Iowa, and other ex-service men, urging that every effort be put forth to enact the forthcoming or pending legislation calling for immediate payment in full of the adjusted-compensation service certificates; to the Committee on World War Veterans' Legislation.

4058. By Mr. GREEN: Petition of citizens of Marion County, Fla., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4059. By Mr. HADLEY: Petition of a number of residents of Friday Harbor, Wash., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4060. By Mr. HOPKINS: Petition signed by 18 citizens of Oregon, Mo., and submitted by Hazel Coffman, protesting against a resubmission of the eighteenth amendment to the States, and to provide for adequate law enforcement; to the Committee on the Judiciary.

4061. By Mrs. KAHN: Resolutions adopted by the Board of Supervisors, City and County of San Francisco, Calif., opposing reductions in Army appropriations, and urging Congress to take immediate steps to provide sufficient funds to adequately man San Francisco Bay fortifications; to the Committee on Appropriations.

4062. By Mr. KENNEDY: Petition of American Hotel Association of the United States and Canada, indorsing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4063. Also, petition of Hotel, Restaurant, Club, and Allied Industries Association, protesting against the prohibition amendment; to the Committee on the Judiciary.

4064. By Mr. LEA: Petition of 80 residents of Oroville and Palermo, Butte County, Calif., protesting against Senate bill 1202 for compulsory Sunday observance; to the Committee on the District of Columbia.

4065. By Mr. LINDSAY: Petition of Raymond S. Kelly, Millerton, N. Y., opposing a tax of 1 cent a gallon on imported petroleum, gasoline, fuel oil, and other products; to the Committee on Ways and Means.

4066. Also, petition of Tidewater Associated Oil Co., 17 Battery Place, New York City, concurring in the resolution adopted by the American Petroleum Institute opposing a tax on gasoline; to the Committee on Ways and Means.

4067. By Mr. MANLOVE: Petition of W. L. Coffin, Sam Bridges, John P. Jennings, J. O. Hutchens, J. H. McNeely, Charles Hemphill, C. B. Larkin, Belle Robertson, W. E. Jackson, L. M. Williams, J. F. Pennell, L. E. Larkin, Joe Seitz, H. F. Roewert, E. G. Greenway, Tella Larkin, W. A. Ozburn, H. W. Larkin, H. C. Jordan, Mabel Ozburn, Matilda Coffin, and Walter Wilhit, residents of the fifteenth congressional district of Missouri, protesting against the passage of House bill 8092, or any other compulsory Sunday observance bills that have been or may be introduced; to the Committee on the District of Columbia.

4068. By Mr. MAPES: Petition of E. G. Benton and 12 others, residents of Pierson, Sand Lake, Kent City, and Cedar Springs, Mich., protesting against the passage of House bill 8092, or any other compulsory Sunday observance bills that have been or may be introduced in Congress; to the Committee on the District of Columbia.

4069. By Mr. MEAD: Petition of Harry B. Bentley Post 443, American Legion, and its auxiliary unit, urging adoption of pension legislation for World War widows and orphans; to the Committee on Pensions.

4070. By Mr. MURPHY: Telegram from R. W. Hawley, editor Salem News, Salem, Ohio, protesting against the 10 per cent admissions tax to motion-picture theaters; to the Committee on Ways and Means.

4071. Also, telegram from Salem Business Bureau, Salem, Ohio, protesting against the 10 per cent admissions tax to motion-picture theaters; to the Committee on Ways and Means.

4072. Also, telegram from J. Fitzpatrick, business agent, Salem, Ohio, protesting against the 10 per cent admissions tax on motion-picture-theater tickets, saying that it will tend to create unemployment; to the Committee on Ways and Means.

4073. Also, telegram from Harry L. Fox, publisher Farm and Dairy, Salem, Ohio, protesting against the 10 per cent admissions tax on motion-picture-theater tickets; to the Committee on Ways and Means.

4074. By Mr. ROBINSON: Petition of the Woman's Missionary Society of the First Brethren Church of Waterloo, Iowa, signed by Mrs. C. E. Klingaman, president, and Mrs. Ben Wengard, secretary, urging the observance and enforcement of the eighteenth amendment and against modification or repeal of the amendment; to the Committee on the Judiciary.

4075. By Mr. RUDD: Petition of Tidewater Associated Oil Co., New York City, opposing the tax on gasoline as per resolution adopted by the board of directors of the American Petroleum Institute; to the Committee on Ways and Means.

4076. Also, petition of Loew's Warwick Theater, Embassy Theater, Lefferts Theater, Glenwood Theater, Parthenon Theater, Kinema Theater, Crossbay Theater, Alhambra Theater, Maspeth Theater, and Ridgewood Theater, all of Brooklyn, N. Y., opposing tax on admissions to motion-picture theaters; to the Committee on Ways and Means.

4077. By Mr. SANDERS of Texas: Petition of 101 farmers of Henderson County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change be made in same that will modify its benefits in any way, and that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4078. Also, petition of 140 farmers of Rusk County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change in same that will modify its benefits in any way, and asking that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4079. Also, petition of 50 farmers of Gregg County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change in same that will modify its benefits in any way and asking that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4080. Also, petition of 44 farmers of Wood County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change in same which will modify its benefits in any way and asking that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4081. Also, petition of 89 farmers of Kaufman County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change in same that will modify its benefits in any way and asking that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4082. Also, petition of 56 farmers of Van Zandt County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change in same that will modify its benefits in any way, and asking that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4083. By Mr. SELVIG: Petition of George Bergem Post, No. 489, Underwood, Minn., urging immediate cash payment of adjusted-service certificates, and Elmer J. Ecklund Post, No. 117, Thief River Falls, Minn., urging full payment of certificates; to the Committee on Ways and Means.

4084. Also, petition of Angus McDonald States Theater, of East Grand Forks; Sam A. Erickson, Mankato; and William Hamm, jr., all of the State of Minnesota, protesting against tax on low-priced theater admissions; to the Committee on Ways and Means.

4085. Also, petition of Pelican Rapids (Minn.) American Legion post, urging immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

4086. By Mr. SUMMERS of Washington: Petition signed by Alfred Johnson and 161 other citizens of Selah, Wash., opposing any measure looking toward the modification, resubmission to the States, or repeal of the eighteenth amendment; to the Committee on the Judiciary.

4087. By Mr. SUMNERS of Texas: Petition of 148 names of farmers of Ellis County, Tex., asking that no change be made in the agricultural marketing act that will modify its benefits in any way, and that only such changes be made as shall be promulgated and approved by organizations of actual farmers; to the Committee on Agriculture.

4088. Also, petition of 12,657 citizens of Dallas County, Tex., protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4089. By Mr. SWICK: Petition of Unionville Grange, No. 1971, Butler County, Pa., L. G. Stoughton, master, requesting that the personnel of the departments of the Federal Government be reduced to such proportion as will save the Government many millions of dollars in lieu of the proposed sales tax; to the Committee on Ways and Means.

4090. By Mr. YATES: Petition of Maj. Earle D. Andrews, 4133 Johnson Avenue; Gust Olson, jr., 4101 Clausen Avenue; Walter Hartenstein, 4048 Ellington Avenue; and other citizens of Western Springs, Ill., protesting against any decrease in the national defense; to the Committee on Appropriations.

4091. By the SPEAKER: Petition of Jack Scott, favoring impeachment be filed on record for action in Congress; to the Committee on the Judiciary.

SENATE

FRIDAY, MARCH 11, 1932

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Almighty God, who has set our troubled years in the heart of Thy eternity, and in whom the discordant notes of our humanity rise into perfect harmony; teach us, who are but creatures of a day, the lesson of Thy patience, who art ever working, yet ever at rest, that we may learn to wait, not in listless quiet but with a forward-looking faith which shall enable us to rise above the evils of the passing time.

Deliver us from the bondage of unchastened desires, unholy thoughts, and fill us with a perfect trust in Thee, that with utter freedom of soul we may fulfill the expectations of our fellow men and in the light of Thy eternal calm envision the noble prophecy of love's holy triumph and the coming glory of Thy righteous kingdom. Through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SUMNERS of Texas, Mr. MONTAGUE, and Mr. DYER were appointed managers on the part of the House at the conference.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ark.
Austin	Couzens	Kean	Robinson, Ind.
Bailey	Dale	Kendrick	Schall
Bankhead	Davis	Keyes	Sheppard
Barbour	Dickinson	King	Shipstead
Barkley	Dill	La Follette	Smith
Bingham	Fess	Lewis	Smoot
Black	Fletcher	Logan	Steiwer
Blaine	Frazier	McGill	Thomas, Idaho.
Borah	George	McKellar	Thomas, Okla.
Bratton	Glass	McNary	Townsend
Brookhart	Glenn	Metcalf	Trammell
Broussard	Goldsborough	Morrison	Tydings
Bulkley	Gore	Neely	Vandenberg
Bulow	Hale	Norbeck	Wagner
Byrnes	Harrison	Norris	Walcott
Capper	Hatfield	Nye	Walsh, Mont.
Caraway	Hayden	Oddie	Waterman
Carey	Hebert	Patterson	White
Coolidge	Howell	Pittman	
Copeland	Johnson	Reed	